



**IFRS IN THE CONTEXT OF TRANSLATION ISSUES:
INSIGHTS FROM TÜRKİYE**

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INSIGHTS FROM TÜRKİYE**

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ETHICAL DECLARATION

I hereby declare that I am the sole author of this thesis and that I have conducted my work in accordance with academic rules and ethical behaviour at every stage from the planning of the thesis to its defence. I confirm that I have cited all ideas, information and findings that are not specific to my study, as required by the code of ethical behaviour, and that all statements not cited are my own.

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ABSTRACT

IFRS IN THE CONTEXT OF TRANSLATION ISSUES: INSIGHTS FROM TÜRKİYE

Gürel, Beyza

Ph.D. Program in Business Administration

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This research investigates the challenges of International Financial Reporting Standards (IFRS) adoption, focusing specifically on translation issues, and uses Türkiye as a case study. The worldwide adoption of IFRS represents a major step towards unifying accounting practices globally. This global phenomenon has led to translating these standards into numerous languages, highlighting the difficulties of maintaining accuracy and clarity. Initially formulated in English, accounting standards now span across various nations and languages, marking a significant evolution in standard-setting and regulation. The thesis traces the development of these standards. It examines the development of accounting principles in the US and Europe, setting a foundation for understanding the complexities of adopting a universal accounting language. Then, the thesis explores Türkiye's distinctive path in accounting, emphasizing the challenges it faces in shifting from a rule-based, tax-centric system to the Turkish Financial Reporting Standards (TFRS). A significant aspect of the research involves examining the theoretical framework philosophy of language and a

comprehensive review of the related literature. Employing a two-step qualitative research methodology, the research combines focus group discussions and in-depth interviews with financial statement preparers, auditors, and academicians to uncover the practical implications of this transition. A key observation is that Turkish users often misperceive transition-related issues as translation problems, thereby overstating the severity of translation issues. This research aims to contribute to understanding the challenges associated with transitioning to a principle-based accounting system, especially emphasizing the complexities of translation, offering valuable insights for stakeholders in both the accounting sector and academia.

Keywords: IFRS, translation issues, principle-based standards, qualitative research



ÖZET

ÇEVİRİ BAĞLAMINDA UFRS: TÜRKİYE ÖRNEĞİ ÜZERİNDEN BİR İNCELEME

Gürel, Beyza

İşletme Doktora Programı

Tez Danışmanı: Prof. Dr. Seçil SİGALI

Ocak, 2024

Bu araştırma, Uluslararası Finansal Raporlama Standartları'nın (UFRS) benimsenmesiyle ortaya çıkan zorlukları, Türkiye'yi bir vaka çalışması olarak kullanarak, çeviri sorunları odağında incelemektedir. UFRS'nin benimsenmesi, muhasebe uygulamalarını küresel düzeyde birleştirmeye yönelik önemli bir adımı temsil etmektedir. Bu küresel fenomen, bu standartların birçok dile çevrilmesine yol açmış, doğruluğu ve açıklığı korumanın zorluklarını vurgulamıştır. İlk olarak İngilizce olarak formüle edilen muhasebe standartları, şimdi çeşitli uluslara ve dillere yayılmış durumda, bu da standart belirleme ve düzenleme alanında önemli bir gelişimi işaret etmektedir. Tez, ABD ve Avrupa'da muhasebe standartlarının gelişimini inceleyerek evrensel bir muhasebe dilinin benimsenmesinin karmaşıklıklarını anlamak için bir temel oluşturur. Sonra, tez Türkiye'nin muhasebedeki özgün yolunu inceleyerek bir kural tabanlı, vergi merkezli sistemden Türk Finansal Raporlama Standartları'na (TFRS) geçişte karşılaştığı zorlukları vurgulamayı temellendirir. Araştırmanın önemli bir yönü, dil felsefesi alanında teorik çerçeveyi incelemesi ve ilgili literatürü kapsamlı

bir şekilde gözden geçirmesidir. İki aşamalı nitel araştırma metodolojisini kullanarak, araştırma odak gruplarıyla yapılan tartışmaları ve mali tablo hazırlayıcıları, denetçiler ve akademisyenlerle derinlemesine görüşmeleri birleştirir ve bu geçişin pratik sonuçlarını ortaya çıkarmayı amaçlar. Önemli bir gözlem, Türk kullanıcılarının sıkça geçişle ilgili sorunları çeviri sorunları olarak algıladığıdır. Bu araştırma, özellikle çevirinin karmaşıklıklarını vurgulayarak, ilke tabanlı bir muhasebe sistemine geçişle ilişkili zorlukların anlaşılmasına katkıda bulunmayı amaçlamaktadır ve muhasebe sektöründeki ve akademideki paydaşlar için içgörüler sunmaktadır.

Anahtar Kelimeler: UFRS, çeviri çalışmaları, ilke bazlı standartlar, kalitatif çalışma



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LIST OF ABBREVIATIONS

AEI	Associated Electrical Industries
AIA	American Institute of Accountants
AICPA	American Institute of Chartered Public Accountants
APB	Accounting Principles Board
CAP	Committee on Accounting Procedures
EAAT	Expert Accountants' Association of Türkiye
EEC	European Economic Community
EFRAG	European Financial Reporting Advisory Group
EU	European Union
FASB	Financial Accounting Standards Board
G10	Group of Ten
G7	Group of Seven
GAAP	Generally Accepted Accounting Principles
IAS	International Accounting Standards
IASC	International Accounting Standards Committee
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IOSCO	International Organization of Securities Commissions
NYSE	New York Stock Exchange
POAAB	Public Oversight, Accounting and Auditing Standards Authority of Türkiye
SEC	Securities and Exchange Commission
SEE	State Economic Enterprises
TAS	Türkiye Accounting Standards
TASB	Turkish Accounting and Auditing Standards Board
TFRS	Turkish Financial Reporting Standards
TMUDESK	Türkiye Accounting and Auditing Standards Board
TÜRMOB	Union of Chambers of Certified Public Accountants of Türkiye
UK	United Kingdom
US	United States

US United States
US GAAP United States Generally Accepted Accounting Principles



CHAPTER 1: INTRODUCTION

The evolution of the global financial markets has been characterized by significant changes in accounting practices and international standards. In recent years, one of the most pivotal developments in this area has been the growing adoption of the International Financial Reporting Standards (IFRS) worldwide. The IFRS, conceptualized to harmonize accounting across different countries, aims to provide transparency, accountability, and efficiency in financial reporting on a global scale.

This global phenomenon has led to the translation of these standards into numerous languages, highlighting the challenges of maintaining accuracy and clarity. Accounting standards, initially formulated in English, now span across various nations and languages, marking a significant evolution in standard-setting and regulation. However, in the field of translation studies, it is widely acknowledged that there are limitations when it comes to translating between languages. Various studies have indicated that the concept of accounting is understood variously in different languages and their respective accounting cultures, which can hinder the translation of international accounting standards (e.g. Evans, Baskerville and Nara, 2015; Zeff, 2007). This translation process entails more than just the literal conversion of words; it requires the effective conveyance of both the explicit meanings and the nuanced contexts that are intricately woven into the cultural and societal fabric of the source language. Several studies have suggested that accounting is conceptualized in different ways in different languages and in their related cultures. Therefore, there is a need to investigate the challenges involved in transitioning to IFRS, with a particular focus on translation issues.

One of the main reasons of these challenges is related to the theory posited by philosophers like Searle and Wittgenstein, who assert that concepts are not merely linguistic constructs but are also profoundly influenced by social contexts. According to Wittgenstein (1953) the meaning of words and ideas is not static; it varies depending on cultural interpretations and the specific social practices that mold language use. Searle (1979; 1995; 2007) further expands on this idea by emphasizing that, the notion of 'social facts' is built on collective intentionality, suggesting that our understanding of concepts is shaped collectively by societal norms and practices. These perspectives are particularly relevant when considering the translation of IFRS, a set of standards originally conceptualized and formulated in English.

Accounting norms and establishing institutional facts do not necessarily ensure their proper implementation. They are, instead, subject to the nuances of different accounting cultures. IFRS is known for being principle-based, and it is also adopted by countries with a rule-based accounting culture. Therefore, it can create difficulties in translating and internalizing IFRS in different countries. Furthermore, the stage of development of a country's capital market also plays a crucial role in the development of accounting standards and, therefore, accounting cultures. These variations can affect how easily IFRS is integrated into the existing financial reporting framework of a country. As such, the process of transitioning to IFRS is not merely a technical or linguistic challenge but also an adaptation of financial culture and practice (Laaksonen, 2021).

Türkiye presents an interesting case study in this context. With its capital market established relatively recently in 1982, and its initial orientation from a rule-based, tax-focused accounting system, Türkiye's experience offers valuable insights into the challenges of adopting IFRS. The transition of Türkiye to the Turkish Financial Reporting Standards (TFRS), which are based on IFRS, marks a significant shift in accounting culture and practice.

The research question that guides this thesis, therefore, is: "What are the challenges of IFRS adoption in a country previously oriented towards a rule-based accounting system, particularly in the context of translation issues?". This question is important in understanding the broader implications of global financial reporting standardization. It is not just about the linguistic accuracy of translation but about how these translated standards are interpreted, implemented, and integrated into the existing financial reporting framework of a country with a distinct accounting culture.

In exploring this question, this thesis is structured as follows. In the second chapter, the development of accounting standards is explained, with a focus on the evolution of the United States Generally Accepted Accounting Principles (US GAAP) after the Great Depression of 1929 and the developments within Europe since the establishment of the European Economic Community. Europe's gradual shift towards a principle-based system, compared to the United States' historical preference for detailed rules, sets the stage for a nuanced discussion on the difficulties of transitioning towards a global accounting language.

The third chapter explores how economic development, tax laws, and accounting culture have influenced Türkiye's accounting profession and reporting standards. It highlights Türkiye's unique journey in accounting, especially in the context of the global shift towards IFRS, emphasizing the challenges and implications of adopting IFRS in a country with historically rule-based standards and developing capital markets.

The fourth chapter introduces the theoretical framework of this thesis. First it describes the philosophy of language through Wittgenstein's and Searle's work and discusses how it can be applied to accounting through discussing the conceptual framework. Then it explains equivalence theories in translation literature, and gives a detailed literature review on translation studies in accounting.

The fifth describes the research methodology and design and explains the findings. First it starts with problem definition and research gap, followed by a thorough explanation of the two-step qualitative research approach, which consists of a focus group study and subsequent semi-structured in-depth interviews. Then, the findings are explained. Through a combination of focus group discussions and in-depth interviews, a total of 8 themes are discovered.

The thesis concludes with a comprehensive discussion covering the research's theoretical and practical contributions, its inherent limitations, and recommendations for future research. This thesis makes a contribution by determining the adoption and implementation challenges of transitioning to a principle-based accounting system from a rule-based accounting system with a particular focus on translation and offers solutions to the accounting students, accounting and audit professionals, academics, and to the professional organizations.

CHAPTER 2: INTERNATIONAL DEVELOPMENTS

Like other social sciences, accounting has been shaped by the social and economic environment in which it emerged. The regulations governing accounting practices have differed across countries due to their unique economic and institutional factors. For example, US GAAP emphasizes a rule-based approach, while IFRS follows a principle-based approach. These differences present difficulties for cross-border trade and investments, as businesses contend with varying accounting practices and investors face challenges when comparing financial statements internationally.

In the mid-twentieth century, accounting lacked universal or regional rules. However, with the rise in international trade and globalization, there was a growing recognition of the need for a harmonized approach to accounting. This was driven by multinational corporations, small and medium enterprises, investors, and governments seeking transparency, comparability, and trust in financial reporting.

In this chapter, we will explore the historical evolution of accounting standards, with a focus on the changes that occurred in the US GAAP after the Great Depression of 1929 and the developments within Europe since the European Economic Community was established. This exploration of the accounting landscape is important to understand the underlying principles of the IFRS. Europe's gradual shift towards a principle-based system, compared to the US's historical preference for detailed rules, sets the stage for a nuanced discussion on the difficulties of transitioning towards a global accounting language.

2.1. Developments in the United States

Discussing the developments in the United States (US) is essential to have a comprehensive understanding of global accounting practices. The US GAAP holds significant importance due to the size of its capital markets and its influence on the global economy.

2.1.1. Necessity of a Capital Market Regulator

During the period following World War I (1914-1918) and the subsequent recession, the US economy experienced significant growth. This growth was fueled by the emergence of modern management systems that took advantage of economies of scale and scope (Chandler, 1977). Technological advancements enabled mass production

and created an era of widespread consumerism known as the ‘Roaring Twenties’. Companies sought expansion opportunities and ways to raise capital to capitalize on these developments. However, restrictive regulations from previous centuries prevented commercial banks from providing large, long-term loans. As a result, new enterprises turned to stocks and bonds in American capital markets for their financial requirements (White, 1990).

During the post-war period, rural Americans migrated to major cities for a better life. At the same time, stories of working-class individuals gaining wealth through stock market investments dominated headlines. This led to a surge in stock demand as people borrowed money from banks to participate in this national pastime across all socioeconomic backgrounds. However, shortly after the famous statement by Yale economist Irving Fisher regarding stock prices reaching a permanently high level in 1929, stock market prices crashed due to market instability resulting in the Stock Market Crash of 1929 (Rappoport and White, 1993).

In response to the market collapse, the US Senate Committee on Banking and Currency conducted hearings to assess the damage to capital markets and identify potential solutions to prevent future crises. These hearings, later known as the ‘Pecora Hearings’ after the committee’s lead counsel Ferdinand Pecora, exposed a myriad of irresponsible behaviors on behalf of investors, including deliberate manipulation of speculations (United States, 1934, pp. 5899–5900):

“Mr. Pecora: I note this expression in Mr. Coleman’s report to you, which I have already read [reading]:

I think we can recommend the stock to those people who want to follow a speculative situation that offers considerable promise over the next 6 months to a year. I do not think it is suitable for investment in any sense of the word.

Whom do you think Mr. Coleman had in mind as being the people to whom he thought this stock could be recommended as a speculative situation? ... What was the sense of his making that sort of report to you, in which he says “I think we can recommend the stock to those people who want to follow a speculative situation” and so forth? ... Apparently he is not referring to anybody in particular. That is quite apparent from the language, but what class of people

was he referring to?

Mr. Cutten: A person who wants to speculate.

Mr. Pecora: How would you make recommendations to those persons who wanted to speculate?

Mr. Cutten: For instance, if somebody should say to me anything about the alcohol stocks as a group, or as a whole, knowing something, or thinking that I knew something about the American Commercial Alcohol situation, I certainly would suggest the purchase of that in preference to the purchase of other alcohol shares, if I knew about them.

Mr. Pecora: I notice that this report is on printed letterheads of E.F. Hutton & Co., members, New York Stock Exchange, 61 Broadway, New York City, statistical department... Mr. Coleman was a statistician in that department?

Mr. Cutten: Yes, sir."

Consequently, the American public and the global community's loss of faith in the US capital market prompted efforts to restore confidence. In 1932, the American Institute of Accountants (AIA), which later became the American Institute of Chartered Public Accountants (AICPA), proposed 'broad principles of accounting which have won fairly general acceptance' (Zeff, 2005, p. 1). These principles aimed to enhance accounting practices and ensure accurate audit reports. Additionally, the establishment of the Securities and Exchange Commission (SEC) by government authorities sought to rebuild trust among investors and society by enforcing fair dealing rules and providing reliable information (Zeff, 2005; SEC, 2021).

The Acts of 1933 and 1934 laid the groundwork for the SEC, which mandated that corporations obtain audits from independent or certified public accountants. Notably, by 1926, 82% listed on the New York Stock Exchange (NYSE) already employed professional auditors, increasing to even higher by 1934 (Benston, 1969; Watts and Zimmerman, 1983). Additionally, the Acts granted the SEC authority to require periodic information reporting from publicly traded firms and regulate brokerage firms and self-regulatory organizations (Securities Exchange Act, 1934).

The formation of the SEC in 1934 aimed to achieve two main goals. First, it required

companies issuing securities to disclose precise and comprehensive information about their business operations, the securities being offered, and potential risks for investors. Second, it sought to ensure that participants in the securities market prioritize the interests of investors and engage in fair and honest practices (SEC, 2021).

Concurrently with government advancements, the AIA developed a proposal for 'broad principles of accounting'. In 1936, the AIA published the 'Examinations of Financial Statements', which introduced the term 'generally accepted accounting principles' for the first time. The publication stated (AIA, 1936, p. 1):

“[Financial statements] reflect a combination of recorded facts, accounting conventions and personal judgments; and the judgments and conventions applied affect them materially. The soundness of the judgments necessarily depends on the competence and integrity of those who make them and on their adherence to generally accepted accounting principles and conventions. It is for this reason, even more than for a check of the clerical accuracy, that an independent review of the statements is desirable.”

2.1.2. Development of Accounting Standards in the US

The US Congress granted the SEC authority to establish accounting standards but instead chose to delegate this responsibility to private accounting professionals. As a result, three efforts were made to create a public accounting standard setter that would positively impact the American economy, namely the Committee on Accounting Procedures, the Accounting Principles Board, and the Financial Accounting Standards Board.

2.1.2.1. Committee on Accounting Procedures

In 1936, the AIA established the Committee on Accounting Procedures (CAP) to create a comprehensive set of statements as a general guide for practical issues. CAP members anticipated that developing such a statement would take at least five years but were mindful of not losing the SEC's support. Therefore, instead of tackling all aspects simultaneously, CAP focused on specific problems and proposed standards whenever possible. Before publishing Accounting Research Bulletins, CAP sought

consultation to ensure approval from the SEC. With authoritative support from the SEC, they issued twelve Accounting Research Bulletins.

Although CAP did not develop a comprehensive set of accounting practices, their efforts led to improvements in existing practices, particularly in terms of uniformity. The efforts solidified the private sector's role as the standard setter for the US. However, while questionable accounting practices were eliminated, CAP failed to provide positive recommendations on general accounting standards. This resulted in conflicts between CAP and the public, leading to intervention by the SEC (Wolk, Dodd and Rozycki, 2012).

Critics of CAP began to voice their concerns over time. The support for the committee primarily came from public accounting firms, particularly the Big Eight. As many voting members of the Committee were from these large firms, they had a significant influence in shaping accounting standards according to their preferences. Unsurprisingly, financial executives and practitioners in smaller firms felt that their opinions on proposed Accounting Research Bulletins were not adequately considered (Zeff, 1972; Hussein and Ketz, 1991).

2.1.2.2. Accounting Principles Board

In 1957, the AIA changed its name to the American Institute of Certified Public Accountants (AICPA). During the annual meeting that year, it was recognized that CAP needed restructuring and a more conceptual approach. The AICPA formed a 'Special Committee on Research Program' to address this issue. Within a short period, this committee produced an article laying the groundwork for creating the Accounting Principles Board (APB). The APB was established in 1959, along with an accompanying Accounting Research Division tasked with researching necessary accounting changes. The research division operated independently with its staff and director, who had the authority to publish research findings. However, they were required to consult with APB before initiating any research projects; ultimately, any disagreements would be resolved by APB's final decision-making power.

To ensure a more comprehensive approach, the APB implemented a structure similar to its predecessor but to consider the opinions of the research staff. A two-thirds majority among the 21 members was required to issue an opinion to avoid biased decision-making solely based on large firms' viewpoints. Additionally, disclaimers

would be published for any opposing opinions or disagreements.

During its early years, the APB faced severe criticism for issuing several Accounting Research Statements without conducting proper research or considering industry practices. In 1962, the APB issued Opinion No. 2 on investment tax credit without considering current usage in the sector. As a result, the three largest accounting firms refused to endorse this opinion and continued with their existing approach. To resolve these controversies and debates, the SEC published an official accounting pronouncement known as 'Accounting Series Releases' in 1963, allowing firms to use both approaches simultaneously.

The publication of Accounting Series Releases raised doubts about the authority of the APB for several years. In late 1964, the AICPA reinforced the authority of APB opinions. They unanimously agreed that any deviations from APB opinions should be disclosed in audited financial statements by an AICPA member, establishing the authoritative nature of the APB. Unfortunately, ongoing debates on APB opinions continued, leading to further discussions about restructuring. The Special Committee of the APB recommended a clear definition of the purpose and limitations of financial statements as well as acceptable accounting principles to define generally accepted accounting principles. As a response, in 1971, the AICPA formed the Wheat Study Group, chaired by former SEC commissioner Francis M. Wheat, to establish accounting principles (Wolk, Dodd and Rozycki, 2012).

The primary goal of the Wheat Study Group was to improve the AICPA's role in developing accounting standards. The group investigated how the AICPA could better meet the needs of financial statement users and involve various societal elements in shaping accounting principles. Recognizing that accounting standards significantly impact the public, it was important for this new entity to be accountable to them (AICPA, 1972). As a result of these, the Financial Accounting Standards Board (FASB) was established in 1973.

Table 1. Comparing the CAP, APB, and FASB (Source: Wolk, Dodd and Rozycki, 2016)

Characteristic	CAP	APB	FASB
Organizational independence	Part of AICPA	Part of AICPA	Separate from AICPA; six sponsoring organization
Independence of members	Other full-time employer	Other full-time employer	Full-time employee of FASB, usually a CPA firm
Breadth of membership	Must be a CPA	Must be a CPA	Need not be a CPA; members have come from public accounting, government, industry, securities firms, academe
Due process	Little if any	Very limited, although it became broader toward the end of its existence	More extensive and brought into the process (open hearings and replies to exposure drafts, for example)
Theoretical document supporting standards	Not attempted	Postulates and principles were not successful	Conceptual framework completed, more successful than APB efforts
Use of research	Very limited	Main use was in ARSs	More extensive than its predecessors, with discussion memorandums; the FASB has commissioned several research studies

2.1.2.3. Financial Accounting Standards Board

The Financial Accounting Standards Board (FASB) had a significantly different organizational structure than the CAP and APB. Unlike the latter two, the FASB was an autonomous entity, not a part of the AICPA. It was established under the Financial Accounting Foundation in 1973 through collaboration with managers (via the

Financial Executives Institute and the National Association of Accountants), financial statement users (Financial Analysts Federation and Securities Industry Association), and independent auditors (selected by the Financial Accounting Foundation, although they were AICPA members).

The Financial Accounting Foundation believed that having a full-time staff in FASB would benefit the public more. As a result, the FASB had seven full-time salaried members compared to the APB's eight part-time voluntary members. The SEC officially designated the FASB as the leading authority for establishing accounting standards, providing it with endorsement and credibility. This marked the SEC's exclusive support of a private accounting standard-setting body (Hussein and Ketz, 1991; Smith, Boje and Foster III, 2013).

During its early years, the FASB faced numerous challenges similar to those the CAP and APB encountered. One major challenge was establishing a solid theoretical framework for setting accounting standards. The Board had to navigate public criticism that they either issued too many or too few pronouncements. Moreover, there were differing perspectives on whether the FASB focused excessively on conceptual aspects or overlooked accounting theory and needed more research (Wolk, Dodd and Rozycki, 2012). Despite criticism, the FASB proved to be more productive than previous bodies. By 1974, the Board had already released its initial discussion on the 'Conceptual Framework for Accounting and Reporting' project. These conceptual frameworks provided theoretical guidance but were not mandatory. From 1974 to 1985, it published a total of 30 documents spanning over 3,000 pages in length. The FASB also received over 1,000 responses to its exposure drafts and organized eight public hearing testimonies. These testimonies were subsequently transcribed and made available to the public. These accomplishments represented significant advancements compared to past efforts by predecessors who struggled in similar areas (Zeff, 1999; Smith, Boje and Foster III, 2013)

In 1984, the FASB established the Emerging Issues Task Force to quickly address emerging concerns related to existing accounting principles and resolve implementation discrepancies. The SEC participated in the Task Force's meetings as an observer and generally supported its positions with authoritative backing.

The FASB relies on two primary bases when establishing its standards. Firstly, it takes

into account the needs and views of not only the accounting sector but also the broader economic community. Secondly, it emphasizes comprehensive public engagement through a ‘due process’ mechanism to ensure all stakeholders can share their viewpoints. To implement these principles, the typical progression of a FASB Financial Accounting Standards Statement involves specific steps outlined by Şensoy (1997, pp. 36–37).

- a.* The board’s agenda identifies and includes a specific subject or initiative.
- b.* A specialized task force, comprised of experts from relevant sectors, is formed to address issues, methods, and potential alternatives.
- c.* FASB’s technical team conducts thorough research and analysis.
- d.* An initial draft research memorandum is created and distributed.
- e.* Approximately two months after the memorandum’s release, a public consultation was organized to gather input.
- f.* The board carefully examines and evaluates the feedback received from the public.
- g.* After careful consideration, the board prepares a preliminary ‘exposure draft’ for further public review and comment.
- h.* Following a comment period of at least 30 days, the board assesses all feedback received.
- i.* Informed by public feedback, a committee refines the draft document by incorporating necessary amendments based on user input.
- j.* The board convenes to formally approve the Revised Draft as an official standard through voting.

Contrary to the IFRS and other local and generally accepted accounting standards, a single organization did not promulgate US GAAP; rather, it was released by numerous institutions over an extended period and subsequently adopted for public use (Kazgan, 2011). As GAAP evolved, the FASB’s legitimacy progressively increased. Although the SEC possessed the authority to establish accounting standards, it permitted private accounting standards bodies to assume leadership roles and actively participate in their development. The SEC’s involvement has played a significant role in shaping accounting standards, increasing the legitimacy of the FASB, and promoting the

harmonization of international accounting standards (Smith, Boje and Foster III, 2013).

2.2. Developments in Europe

Investigating the impact of translating international accounting standards on harmonization requires understanding the historical development of accounting rules and the harmonization process in Europe. The unique structure of Europe, with its diverse legal backgrounds and historical differences among its many countries, has influenced this process.

Post-war in Europe witnessed a rapid industrialization process and economic growth. Companies grew in size and complexity, expanding beyond national borders and highlighting the need for more standardized accounting practices to facilitate cross-border business and investment. The Benelux Customs Union, established in 1948 by Belgium, Luxembourg, and the Netherlands, was an early initiative towards economic integration. By eliminating trade barriers and customs duties among these neighboring countries (Mikesell, 1958), the union aimed to boost economic cooperation and facilitate the more unrestricted movement of goods, setting a precedent for larger-scale integration efforts in Europe.

Three years later, the European Coal and Steel Community was established to integrate the coal and steel industries of France, Germany, Belgium, Luxembourg, the Netherlands, and Italy. This initiative aimed to foster economic cooperation and promote political reconciliation between former adversaries France and Germany. The European Coal and Steel Community laid the foundation for a more united Europe focused on peace by controlling vital industries necessary for war-making capabilities. Building on this success, the Treaty of Rome was signed by the same six nations to create the European Economic Community in 1957. This was a more comprehensive economic integration, aiming to establish a common market and progressively approximate member states' economic policies (Lee, 2004). The European Economic Community marked a significant step towards full economic integration, including the free movement of goods, services, capital, and labor.

However, forming a common market presents its own set of difficulties. Local accounting systems may effectively serve their purpose within a national context; however, they must be revised when integrated into a more extensive system. An

information problem arises when managers in one country must assess and manage operations in another country (Mueller, 1963). Therefore, the pace of harmonizing company laws within the European Economic Community accelerated over the years, leading to the final stages of adopting and implementing several directives, each addressing different aspects of corporate regulation. These directives ranged from mandating the publication of specific information by companies (First Directive, 1968) to regulating mergers (Third Directive, 1978) and from defining the preparation and publication of financial statements (Fourth Directive, 1978) to dealing with consolidated financial statements (Seventh Directive, 1983).

1.1.1. Development of Accounting Standards in Europe

In his presentation at AICPA's 1957 annual meeting, Kraayenhof emphasized the significance of achieving 'international uniformity of principles' as a solution. He concluded his speech while challenging AICPA (Kraayenhof, 1960, p. 38):

“In this light and considering your privileged position, I feel convinced that under the circumstances the international challenge for the profession could be made a “challenge for your Institute”: to invite the establishment of standing committees in other countries and to offer permanent contacts in order to achieve greater uniformity in the field of accounting principles.”

As a response to these calls, an international study group was established. Formed in 1966, the Accountants International Study Group aimed to identify best accounting practices by bringing together professional accounting bodies from Canada (Canadian Institute of Chartered Accountants), the United States (AICPA), and the United Kingdom (Institute of Chartered Accountants in England and Wales). The Group regularly published papers on important accounting subjects, fostering a desire for change (Napier, 2010).

It is worth mentioning that, in parallel to these efforts to create uniformity in accounting standards internationally, Europe, especially the United Kingdom, was experiencing several accounting scandals. During the mid-1960s, the UK was confronted with several notable accountancy scandals. One such case involved Rolls Razor, a home appliance company that filed for bankruptcy shortly after releasing its

1964 annual report. While no issues were initially detected in the report itself, subsequent investigations raised doubts about the accuracy and dependability of financial reporting within the accounting profession. A few years later, in 1967, General Electric Company launched a bid to acquire Associated Electrical Industries (AEI). AEI had projected a profit of ten million pounds, leading to a successful bid. However, when AEI disclosed its 1968 annual report, it reported a four and a half million pounds loss. General Electric Company's investigations determined that the discrepancy of 14.5 million pounds resulted from AEI management's 'judgment exercising' in valuing their firm. The public was taken aback by the realization that accountancy was not an exact science and that reporting could be subject to judgmental variations (Lee, Bishop and Parker, 1996). These scandals spurred discussions among accounting scholars and professionals regarding establishing generally accepted accounting standards similar to the events in the US during the 1930s.

2.2.1. International Accounting Standards Committee

In 1972, Sir Henry Benson, acting as the chairman of the Accountants International Study Group, invited professional bodies from six nations to create the International Accounting Standards Committee (IASC) during the 10th International Congress of Accountants (Djelic and Sahlin-Andersson, 2006). This initiative aimed to identify and promote best accounting practices. At that time, in parallel with this development, the Accounting Standards Steering Committee, later known as Accounting Standards Committee, was established in 1969 as the UK's first accounting authority for setting standards (Evans, 2015; ICAEW, 2019).

In 1973, the same year of FASB's establishment, IASC was created in London by representatives from Australia, France, Germany, Japan, Mexico, Netherlands, United Kingdom/Ireland, and the United States (Djelic and Sahlin-Andersson, 2006; Zeff, 2012; Outa, 2013; IFRS, 2019). Sir Benson was elected as its first chairman. Benson's motivation was to promote international harmonization of accounting standards and reduce accounting differences globally. The UK's entrance into the European Economic Community may have influenced this intention. The European Economic Community applied a tax-oriented approach to accounting based on Germany's practices for harmonizing company laws among member states. British accounting professionals believed that IASC could provide more Anglo-American-oriented accounting standards as an alternative to Continental European practices within the

European Economic Community (Martinez-Diaz, 2005; Zeff, 2012).

The objective of the IASC was to issue basic standards called 'International Accounting Standards' (IAS) to promote the harmonization of accounting standards worldwide. Their goal was for these new accounting standards to be accepted and implemented quickly globally (ICAEW, 2019). The IASC published its initial set of standards in 1975 and released more than 25 additional standards until 1987. However, many countries in the committee adopt or apply these IAS to their local accounting standards. There were primarily two reasons for this resistance. First, countries with Anglo-American origins believed their accounting standards were superior to IAS. Second, national delegations did not believe that IAS could be effectively applied in their tax-based accounting systems. It is worth noting that the Accounting Standards Committee had predominantly carried out drafting accounting standards in the UK with the Statement of Standard Accounting Practices until 1990, when the Accounting Standards Board superseded the committee (Napier, 2010; Zeff, 2012).

The IASC implemented various initiatives in the late 1980s and 1990s to enhance its reputation and increase its influence. To broaden participation, a Consultative Group was established by the IASC that brought together regulatory bodies, development agencies, national standard-setting bodies, representatives from international organizations of financial statement preparers, and users. Additionally, partnerships were formed with national securities regulators responsible for enforcing accounting standards at developed and developing countries' national levels (Martinez-Diaz, 2005). The International Organization of Securities Commissions (IOSCO) proved to be an advantageous partner.

The IOSCO is a global body that brings together securities' regulators worldwide. Established in 1983, IOSCO gained prominence when it welcomed the participation of the SEC and France's Commission des Opérations de Bourse in 1987, attracting interest from regulators worldwide. The SEC recognized the potential of IOSCO to enhance global accounting standards and played a significant role as a prominent member of its membership (Zeff, 2012).

In 1987, the IOSCO proposed that if the IASC significantly improved its financial statements, it would consider endorsing these standards for its regulator members. Subsequently, in 1993, the IASC presented ten revised standards to IOSCO for

evaluation. While most standards were deemed acceptable, IOSCO determined that further enhancements were necessary. IASC agreed to revise and refine two dozen ‘core standards’ by 1999 (Zeff, 2012). This opportunity to gain IOSCO’s endorsement and support served as a strong motivation for the IASC to enhance the quality and comparability of its accounting standards, with the ultimate goal of achieving global recognition and adoption (IASC and IOSCO, p.1):

“The Board has developed a work plan that the Technical Committee agrees will result, upon successful completion, in IAS comprising a comprehensive core set of standards. Completion of comprehensive core standards that are acceptable to the Technical Committee will allow the Technical Committee to recommend endorsements of IAS for cross-border capital raising and listing purposes in all global markets.”

In 1988, the IASC introduced an observer status that allowed certain organizations to participate in discussions without voting rights. This created an environment for creating, discussing, and debating accounting standards. The FASB was granted observer status in 1998, followed by the European Commission in 1990 and IOSCO in 1996. The Republic of China also obtained observer status in 1997 (Botzem and Quack, 2006). As part of this arrangement, FASB also became a member of the IASC Consultative Group (FASB, 2022).

2.2.2. Harmonization Efforts

In the early 1990s, with many multinational corporations adopting global strategies, including acquiring foreign enterprises and developing technical expertise, new challenges arose in financing their operations. These companies sought corporate finance in international capital markets to support their expansion efforts.

However, cross-border listing presented its challenges. Foreign companies had to prepare their financial statements according to the home country’s accounting standards, which they sought to list on a foreign stock exchange. This was often expensive and time-consuming, as they had to comply with unfamiliar standards. Additionally, differences in accounting standards between countries could lead to significant discrepancies in financial figures and net incomes, potentially damaging

the company's credibility (Martinez-Diaz, 2005).

During the 1990s, concurrent significant developments occurred in Europe, specifically Germany. The reunification of West and East Germany in 1990 put immense pressure on German banks to address the substantial disparities between the two sides. Consequently, firms could no longer depend on German banks as they had done before. This led to a search for alternative ways to secure corporate financing.

In 1993, Daimler-Benz decided to list on the NYSE. To accomplish this, the company had to create an additional set of consolidated financial statements that aligned with US GAAP. In 1993, Daimler-Benz reported a DM600 million profit under German GAAP; however, this amount translated to a loss of DM1,839 million under US GAAP. This disparity raised concerns about the effectiveness of German GAAP, and in 1998, the German government implemented the Capital Raising Relief Law. This legislation allowed German firms to prepare financial statements following the IAS or US GAAP (Nobes, 2006; Zeff, 2012). This move was a clear acknowledgment of the growing importance of international accounting standards and marked a significant step towards harmonization in financial reporting, facilitating easier access to international capital markets for German companies.

The European Commission acknowledged that European companies seeking capital in international markets, particularly on the NYSE, were facing challenges due to financial reports prepared according to directives or national laws not meeting the stricter standards set by the SEC. As European member states implemented privatization programs, concerns about the capitalization of European companies also grew. To address this issue and eliminate any competitive disadvantage, the European Commission suggested evaluating the alignment between existing IASs and the Accounting Directives (European Commission, 1995; Martinez-Diaz, 2005).

On the US side, the NYSE utilized lobbyists to influence the SEC and Congress. They aimed to create accommodations for foreign-listed companies, ultimately attracting more participants from around the world to engage in US securities markets. In October 1996, in response to this initiative, the US Congress passed the National Securities Market Improvement Act. This act mandated that within one year, the SEC should support the development of high-quality international accounting standards and report its progress in selecting a suitable set of international accounting standards for

cross-border listing purposes. The term ‘high-quality’ was used for the first time and has since been widely adopted (Martinez-Diaz, 2005; Zeff, 2012).

The unexpected East Asian financial crisis also influenced the harmonization of accounting standards in mid-1997. Despite their previous success and influx of foreign investments, the crisis highlighted issues such as weak governance, insider dealing, corruption, and instability in banking systems within countries like Indonesia, Thailand, and Korea. In response to the crisis, the IMF assigned primary responsibility to the East Asian markets (Radelet et al., 1998).

The process of globalization and the East Asian financial crisis emphasized the significance of international accounting standards. The G7 nations addressed this issue in their report on strengthening the architecture of the global financial system. The report highlighted the need for internationally accepted principles for auditing, accounting, and disclosure in corporations and mechanisms to ensure compliance with these principles (G7 Finance Ministers, 1999).

In the same year, the Group of Seven (G7) released a report emphasizing the urgent need for collaborative efforts to enhance the international financial system. The report called upon the IASC to expedite its ‘core standards’ proposal before 1999 to establish a comprehensive set of globally accepted accounting standards. Furthermore, it requested IOSCO, the International Association of Insurance Supervisors, and the Basel Committee on Banking Supervision to promptly review these standards (G7 Finance Ministers, 1998). It is worth mentioning that the Basel Committee, initially named the Committee on Banking Regulations and Supervisory Practices, was established by the Central Bank Governors of Group of Ten (G10) countries at the end of 1974. This came about after serious disruptions in international currency and banking markets, including the failure of Bankhaus Herstatt in West Germany (Basel Committee, 2018).

The IASC received official mandates from national governments, and a G10 report even identified it as the responsible entity for producing international accounting standards, shielding them from competition (Martinez-Diaz, 2005). The IASC completed the core standards by the end of 1998. In response to the Finance Ministers of G7’s call in 2000, the Basel Committee reviewed 15 IASs, significantly impacting banks. While satisfied with 7 of the standards related to banking sectors, concerns were

expressed about the remaining ones. To address these concerns raised by the Basel Committee regarding certain standards, a joint working group was formed by the IASC (Basel Committee, 2000; Martinez-Diaz, 2005).

2.2.3. International Accounting Standards Board

The US and the European Union (EU) began considering implementing IAS in response to the increasing need for harmonized accounting practices. The European Commission was hesitant about endorsing IASC standards, fearing that accepting them would require significant changes to the Accounting Directives and that the IASC would not be representative or elected. Meanwhile, the SEC was concerned that the IASC standards lacked sufficient descriptive detail compared to US GAAP. The creation of a European standard setter was briefly considered to address concerns about competition between the IASC and standard setters from Anglo countries. To bridge the gap between standards and prevent unwanted regulatory changes, the SEC and European regulators sought to increase their influence on the IASC (Martinez-Diaz, 2005).

In order to gain endorsement from organizations like the SEC and the European Commission, the IASC recognized that it needed to undergo a restructuring. With this objective in mind, they formed a 12-chair Strategy Working Party composed of experienced individuals responsible for devising an improved standard-setting body in 1997. The Working Party held regular meetings, discussing different proposals for structuring the new entity while striving to meet their deadline of producing 'core standards' within just one year.

The IASC's restructuring attracted interest from the European Commission and the SEC. The SEC recommended the establishment of a small, fully independent board with extensive research resources. The board should have the necessary technical knowledge to meet the informational requirements of capital markets, and membership should not be based on geographical representation. On the other hand, the European Commission supported a larger body with some part-time members and a board that includes representatives from different regions. Europeans believed it was essential for the IASC to establish itself as the frontrunner in becoming the global standard-setter, and this can be done through geographic representation.

The Strategy Working Party could not risk opposing the authority of the world's

largest capital market, so it restructured the IASC in line with the SEC's demands in 2000. Strategic restructuring aligned with the SEC would bolster its credentials and appeal to US preferences. However, they also considered European interests by introducing a Board of Trustees with diverse backgrounds and regions to oversee the new IASC. The first chairman elected was Sir David Tweedie. The Board is comprised of members from audit firms, private companies, user groups, and academia representing all stakeholders. Funding for the organization was secured from audit firms, central banks, financial institutions, and private companies. In 2001, the Board held its inaugural meeting and announced its name as the International Accounting Standards Board. They were responsible for developing the IFRS (Martinez-Diaz, 2005; Zeff, 2012). Table 2 displays the changes in structure as IASC evolved into IASB.

Table 2. Structural Changes (Uysal, 2006)

IASC's Former Structure	IASB's Current Structure
Part-time membership based on voluntariness	Two full-time independent members and two part-time volunteers
Focused on a comprehensive set of accounting rules	In line with the US GAAP for the development of standards
Limited explanations of existing standards	Specificity of the determined regulations
Europe-centered organization	Predominantly English and American technocrats
The role of the five major accounting firms in the decision-making process	Seven members appointed to ensure communication with national groups

2.2.4. IFRS Developments

The IASC's reorganization and the IASB's formation in 2001 marked a significant milestone in global accounting standards. This transformation was not just a simple reorganization but a significant step towards establishing universal guidelines for

financial reporting. The newly formed IASB promised to take a more inclusive approach with its diverse Board of Trustees and representation from various sectors. Recognizing modern finance's increasing complexity and interconnectedness, this development was crucial in creating globally recognized and respected accounting standards.

In 2000, the IOSCO recommended that its member exchanges permit the use of IAS in cross-border listings. In line with this recommendation, the European Commission issued a proposal called the Lisbon Accord in the same year. This proposal aimed to revise European Commission's directives and allow European-listed entities to apply IAS instead of local GAAP. The decision to exclusively adopt IAS, subsequently renamed IFRS, for European listings was formalized in 2002 through European Commission Regulation 1606/2002. The effective date for implementing IFRS by or before January 1, 2005, was also specified (Baudot, 2014). This early adoption demonstrated the EU's commitment to aligning with global financial reporting standards, recognizing the significance of international capital markets and consistent financial disclosures. The Commission's introduction of the 'comitology process' streamlined endorsement procedures for IASB standards within Europe, eliminating separate approvals from the European Parliament and Council (Herdman, 2002; Armstrong et al., 2010). This strategic move facilitated an efficient implementation of international standards within the EU framework. This legislative step by the EU was a significant endorsement of the IASB's work, encouraging other jurisdictions, including Australia, Hong Kong, South Africa, and New Zealand, to consider moves towards IFRS (Tweedie and Seidenstein, 2005; Camfferman and Zeff, 2018).

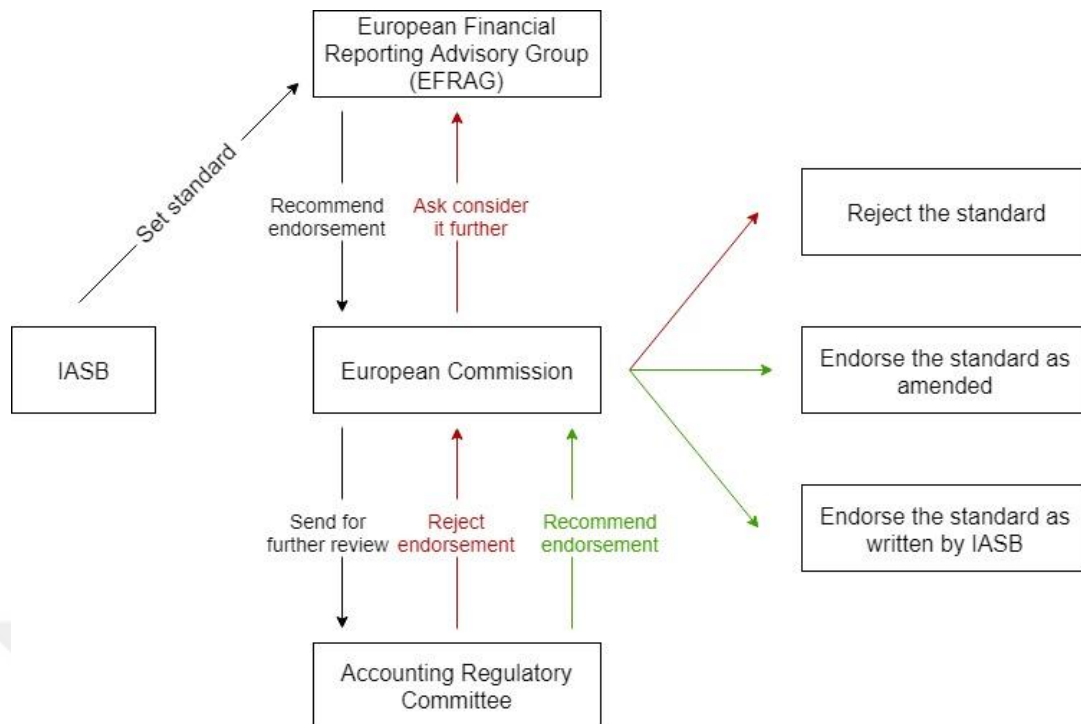


Figure 1. Comitology Process

This proposed comitology process, as illustrated in Figure 1, comprises five main stages (Armstrong et al., 2010):

- a. The IASB follows due process procedures outlined in its constitution to prepare IFRS. This involves holding public meetings and gathering input from interested parties worldwide.
- b. Once the IASB issues a standard, it undergoes a public consultation review by the European Financial Reporting Advisory Group (EFRAG). Based on this review, the EFRAG decides whether to recommend endorsing the standard in Europe to the European Commission.
- c. Considering EFRAG's opinion, the European Commission prepares a draft.
- d. The draft is then presented to the Accounting Regulatory Committee, composed of representatives from each EU member state. The Committee reviews the regulation and provides comments on its implications.
- e. Finally, if recommended for endorsement by the Accounting Regulatory Committee, the European Commission decides whether to endorse the regulation as written or with amendments. If rejected by the Committee, further consideration may be requested from EFRAG by the European Commission.

The comitology process, established by the European Commission, represented a significant step in aligning the EU accounting standards with global practices. This inclusive process ensured that IASB standards were carefully examined and tailored to suit the specific needs of the EU market, striking a balance between international consistency and regional requirements. The EFRAG and Accounting Regulatory Committee's participation, representing each EU member state, emphasized the collaborative nature of adopting these standards. This comprehensive review process thoroughly evaluated new accounting standards to ensure their relevance and applicability across diverse economic landscapes within the EU region.

With this strong foundation established, the European Parliament's 2002 decision to require the adoption of IFRS for all EU-listed companies starting from January 1, 2005, was a significant milestone. This regulation marked a significant shift towards harmonizing accounting standards across the EU to improve transparency and comparability in financial statements. The aim was to enhance the EU securities market, making it more competitive with US capital markets in size and efficiency. It also played a key role in strengthening the functionality of the EU's internal market, creating an attractive and reliable environment for international investors and companies. By adopting IFRS, publicly traded companies in Europe promoted the convergence of accounting practices and positioned the EU as a major player in global finance by offering a streamlined and standardized financial reporting system for new international entrants (European Commission, 2000; European Council, 2022).

The mandatory adoption date for firms trading securities in the US and preparing their financial statements using US GAAP was initially postponed from 2005 to 2007. As of 2002, several prestigious and large German companies, including Allianz, BASF, Daimler-Chrysler, Deutsche Bank, Deutsche Telekom, and Siemens had already adopted US GAAP as their primary reporting standard when they entered the US markets in the 1990s. They were reluctant to switch to IFRS due to the SEC's reconciliation requirement. The aspirations of these companies were realized when the US lifted the reconciliation requirement for EU firms in 2007. As a result, EU-listed companies were mandated to comply with IFRS, and this mandate needed further reinforcement through EU law.

2.3. Convergence of US GAAP and IFRS

In the early years of the new millennium, finance and accounting encountered considerable obstacles as they dealt with financial crises and corporate scandals. High-profile US companies, including Enron, WorldCom, and Tyco, were involved in accounting scandals and fraudulent activities during the 1990s through the early 2000s. These incidents led to restatements and significant restructuring for some companies, while others failed. To restore investor confidence and combat fraudulent behavior in the securities market, the Sarbanes-Oxley Act of 2002 was passed by the US Congress (Brown, 2005). The Act emphasized the importance of international convergence of high-quality accounting standards for investor protection (Pacter, 2005).

During this transformative period the Norwalk Agreement was forged – a landmark accord between the FASB and the IASB. This agreement clearly indicated the IASB's intention to align more closely with US GAAP. Despite this commitment, the initial efforts towards convergence between IFRS and US GAAP progressed moderately and lacked systematic and focused execution. Although initiated with a clear objective, the process did not initially unfold with the intensity or methodical approach that might have been expected from such a significant international alignment (Camfferman and Zeff, 2018).

While some viewed the Norwalk Agreement as a global response to these financial turbulences, aiming to enhance transparency and quality in the financial reporting (Tweedie and Seidenstein, 2005), others saw it as a US-driven initiative (Botzem and Quack, 2006; Arnold, 2012). This perspective was partly fueled by the EU's decision to adopt IFRS and the contemplation of similar measures in other countries. The move towards a common set of accounting standards was seen as an inevitable response to the increasingly integrated global capital markets and the need for seamless allocation of economic resources across national borders (Tweedie and Seidenstein, 2005; Baudot, 2014).

In 2004, the SEC outlined a potential plan to eliminate the need for reconciliation between IFRS and US GAAP. The SEC was cautious due to Europe's experiences with implementing IFRS and wanted to gather more expertise to ensure proper implementation. In 2006, approximately 300 foreign issuers were expected by the SEC to reconcile their financial statements prepared using IFRS with US GAAP. This

would allow the SEC staff to review the accuracy of these reconciliations and assess consistency among foreign private issuers' 2005 IFRS statements and accompanying reconciliations (Nicolaisen, 2005).

A year later, the SEC proposed a 'Roadmap' to eliminate the reconciliation requirement for foreign private issuers using IFRS by 2009. This reconciliation requirement, known as the 20-F reconciliation, required these issuers to align their net income and equity reports with US GAAP standards. The Roadmap included various milestones to support eliminating this requirement and emphasized the progress made in the IASB/FASB convergence program. This plan aimed to alleviate reporting burdens on international companies and demonstrated the SEC's acknowledgment of the increasing effectiveness and acceptance of IFRS (FASB, 2022).

In 2006, the FASB and IASB formalized their commitment to aligning their standards in the Memorandum of Understanding (IASB and FASB, 2006). This was partly influenced by the SEC roadmap, aiming to remove the requirement for non-US companies listed in the US to reconcile their financial reports from IFRS to US GAAP. The EC was considering a similar step for non-EU firms listed in the EU. The SEC and EC's stances were conditional upon the progress of the FASB and IASB's convergence efforts (Nicolaisen, 2005; Erchinger and Melcher, 2007). This context linked the standard setters' work to wider regulatory changes and applied pressure for a more structured convergence program. However, the Memorandum did not provide a precise definition or clarification of the term 'convergence', leaving some ambiguity around its exact nature. It raised questions about the end goal of this process – whether it was to completely merge IFRS and US GAAP into a single set of standards or to align them closely while maintaining their distinct identities (Baudot, 2014).

The world experienced a systemic financial crisis in 2009. This was caused by excessive borrowing, lending, and incentivized investments driven by various economic and regulatory factors. These issues globally impacted nearly all markets and asset classes (Arner, 2009). As a result of this global crisis, progress towards convergence was hindered.

In response to the 2009 financial crisis, the IASB and FASB formed a Financial Crisis Advisory Group. This group consisted of regulators, preparers, auditors, investors, and other users of financial statements to guide a joint response to the crisis. G20 also

called for standard setters to make significant progress towards developing a single set of high-quality accounting standards considering the crisis. Similarly, this recommendation was echoed by the US Treasury a few months later with an expectation that substantial progress would be achieved by the end of 2009 (Financial Crisis Advisory Group, 2009).

In 2010, the IASB and FASB announced the completion of the first phase of their joint project on developing an improved conceptual framework for IFRS and the US GAAP. The framework aimed to establish a foundation for future accounting standards that would be principle-based, internally consistent, and internationally converged (IASB and FASB, 2010).

Despite significant efforts, many objectives outlined in the Memorandum of Understanding were not completed by mid-2011. Opposition to adopting IFRS in the US grew stronger and raised doubts about its eventual acceptance. The SEC did not decide in 2011 and announced in 2012 that it was still uncertain about concluding this issue. By 2014, mandatory domestic use of IFRS was much less likely to be implemented in the US (Camfferman and Zeff, 2018).

In summary, the convergence of US GAAP and IFRS has been a nuanced and multifaceted endeavor influenced by regulatory responses, global economic events, and the evolving landscape of international finance. It reflects the complex and ongoing journey towards harmonizing financial reporting standards in a world where economic interconnectivity necessitates a common financial language, yet distinct regional and national practices continue to play a defining role.

CHAPTER 3: DEVELOPMENTS IN TÜRKİYE

The development of the accounting profession, and in turn the reporting standards in Türkiye are heavily influenced by economic development, tax laws, and culture. This chapter explores Türkiye's accounting journey, including the challenges posed by its historically rule-based system and the recent efforts to develop its capital markets. The country's evolution in accounting is particularly interesting when viewed against the broader international movement towards IFRS. As a country where principle-based standards are a relatively new concept and the capital markets are still developing, Türkiye presents a compelling case study on the complexities of adopting IFRS. This chapter aims to explain how historical, cultural, and economic factors have shaped the country's accounting standards and practices and the implications of these factors for its transition to a system that aligns more closely with international norms.

3.1. Classical Ottoman Period (Before Tanzimat, 1839)

Like numerous Middle Eastern nations, the Ottoman Empire implemented state-centric legal frameworks and regulations, which significantly influenced the accounting domain. This necessitated the evolution of accounting practices that primarily catered to the demands of the state. Constrained by limited opportunities, the private sector used a more simplified accounting system.

State accounting is organized for two main purposes. One of these purposes is the management of the treasury, and the other is the calculation of annual revenue and expenditure. To fulfill these purposes, accrual accounting has been utilized. At the beginning of the year, state informs the taxpayer about the tax they need to pay and collect it throughout the year. This approach also applies to salaries and other payments. All these financial affairs of the state were conducted by *Hazine-i Amare*, an accounting organization similar to the Ministry of Finance. Consequently, within the Ottoman context, there existed an accounting technique known as 'ladder' tailored to accommodate the state-centric paradigms of the era (Güvemli, 2018, pp. 25–26). Notably, the introduction of the 'double entry accounting' system was only realized in the 19th century with the Commercial Code of 1850.

3.2. Westernization Movement (Post-Tanzimat, 1839)

The Westernization movement in the Ottoman Empire, initiated with the Edict of *Tanzimat* in 1839, aimed to modernize administrative and legal systems, drawing inspiration from Western European countries.

During the *Tanzimat* era, the formation of the Ministry of Finance (*Maliye Nezareti*) centralized the state's accounting under the General Directorate of Accounting (*Muhasebat-ı Umumiye*), a title it upholds to the present day. The *Hazine-i Amire*, which was the precursor to the Ministry of Finance, transitioned into an entity that not only made financial resolutions but also executed them. As a result, the scope for applying the rules and principles of the profession narrowed, and these principles began to develop within the framework of the 'finance officer' concept. Efforts to cultivate entrepreneurs and accountants for the private sector, which began in the mid-second half of the 19th century, did not yield significant results (Güvemli, 2014, pp. 228–230). Based on the principles of economies of scale, there was a recognized need for industrial establishments driven by commercial profit motives. Consequently, there was a deliberation to rapidly establish and operate these industrial entities through state intervention, and between the years 1840-1850, an industrial initiative was launched through the establishment of *Fabrika-i Hümayun*, which functioned as a management entity for state economic institutions, akin to a holding company. Efforts were made to establish over a hundred factories, yet only a few were successfully completed, operationalized, and sustained. Several factors such as underdeveloped entrepreneurial culture in the country, the lack of sufficient capital accumulation, and inadequate human resources contributed to this limited success. The ladder method, which the state employed, began to pose challenges in managing the establishment of these factories and in maintaining the accounts of these profit-oriented entities. The absence of a comprehensive accounting system, which could accurately calculate and report on the expenditures, types of expenses, and unit costs of these enterprises in a commercial manner, played a significant role in the challenges faced (Aslan et al., 2023).

3.3. Introduction to Double-Entry Method

Following the *Tanzimat*, the most significant development impacting the accounting profession was undoubtedly the Commercial Code of 1850 (*Kanunname-i Ticaret*), which was formulated by translating the 1st and 3rd books of the 1807 French

Commercial Code (*Code de Commerce*) (Altıntaş, 2011). This law introduced, for the first time, the ledger structure associated with the double-entry bookkeeping method. However, at that time, there were neither accountants familiar with the double-entry method nor any books explaining this method. The impact of the law remained limited, it only helped the establishment of certain foreign entities like the Ottoman Bank (1856) and the *Société des Tramway de Constantinople* (1869), which is the precursor to today's Istanbul Electric Tram and Tunnel Administration (İETT), and ensuring the formation of their accounting systems (Güvemli, Aytulun and Şişman, 2013, pp. 22–23).

Their adept application of this system influenced the state's decision to transition from the previously used ladder method to the more comprehensive double-entry system. In the Sultan's decree on this matter, there is a mention of the successful application within the Ottoman Bank, and it is proposed to transition to the double-entry bookkeeping method for state accounting. The state's acceptance of the double-entry method has been a pivotal foundation for the modernization efforts of Turkish accounting thought. This decision can be perceived as a regulatory measure that set the trajectory for the development of the Turkish accounting profession (Güvemli, Aytulun and Şişman, 2013, p. 24).

During the Tanzimat period, significant tax reforms took place, including the introduction of the 'temettü' tax (profit tax). This new taxation approach highlighted the need for a robust accounting system within the private sector. However, the introduction and growth of the double-entry accounting method faced challenges. Notably, fresh graduates from newly established accounting institutions were inexperienced, and the method itself was not yet widespread. As such, the private sector encountered difficulties in effectively implementing the double-entry accounting system, leading to challenges in accurately determining profits (Güvemli, Aytulun and Şişman, 2013).

This phase extended until 1879, characterized by foreign-capital establishments adopting the double-entry method. From 1879 to the establishment of the Republic in 1923, the state officially transitioned to the double-entry method, organized the private sector (e.g., establishment of the Istanbul Chamber of Commerce), and founded the Hamidiye Trade School (today's Marmara University) to train entrepreneurs and accountants. Concurrently, the state moved towards Western-style auditing by

establishing the Heyet-i Teftişiye in 1879 (Güvemli, Güvemli and Aslan, 2018, p. 159).

3.4. Accounting in Republic Era

The proclamation of the Turkish Republic in 1923 marked a continuation of this Westernization trend. Atatürk and the other founders of the Republic were keen on introducing revolutionary laws that emphasized secularism, gender equality, and women's rights. Notably, the Constitution of Republic (1924) and the Turkish Civil Law (1926) were enacted, setting the stage for modern financial and administrative reforms.

After Ottomans losing the World War I (1914-1918), the allies aimed to reintroduce the capitulations and proposed an Allied Control Commission to oversee Türkiye's financial and fiscal matters, which generated significant opposition. The confluence of historical, political, and economic factors, especially the German based foreign businesses, meant that Germany had an influence on Türkiye's economic evolution. From 1923 to 1927, Türkiye championed private enterprise for industrialization, as evidenced by resolutions from the 1924 Izmir Economic Conference that bolstered national private industrial growth. This included credit incentives, a primary commercial bank, state-offered factory sites, and reduced state railroad freight rates. However, between 1923 and 1929, it became apparent that a fledgling private sector could not solely drive development. The global recession, repayment of the substantial Ottoman foreign debt in 1928, and dwindling export revenues due to global agricultural price drops further highlighted the private sector's limitations in fostering growth (Simga-Mugan, 1995, pp. 352–353)

Post the War of Independence, Türkiye's economy was in a precarious state, with a significant portion of its young, active, and intellectual population affected by the wars. The state, recognizing the need for economic rejuvenation, took the initiative in establishing enterprises in various sectors, such as textiles, cement, and mines (Sürmen, Bayraktar and Güvemli, 2018, p. 42). This proactive approach led to a demand for business-trained personnel.

The establishment of the Turkish Republic marked the onset of rigorous legal and economic reforms. After framing the foundational Constitution in 1924 and the Turkish Civil Code in 1925, focus swiftly shifted to modernizing the nation's

commercial and economic frameworks. A crucial step in this modernization was the revision of the Commercial Code of 1850, resulting in the Turkish Commercial Code of 1926. This code notably emphasized the double-entry bookkeeping system, reflecting the Republic's intention to align with global accounting standards. The stipulations within the code (Articles 66 to 68) outlined mandatory bookkeeping practices, including the use of specific ledgers and the option for merchants to delegate their accounting responsibilities. The Commercial Code, both in the Ottoman era and during the Republic administration, was instrumental in shaping the accounting profession. The evolution of the accounting profession during this period was especially pronounced due to the lessons drawn from previous shortcomings and the subsequent corrective measures undertaken (Güvemli, Aytulun and Şişman, 2013, pp. 27–28).

It is also worth mentioning the tax laws. In the aftermath of the *Tanzimat* reforms, significant modifications in fiscal policy were made to keep pace with contemporary developments. Specifically, after its establishment, the Turkish Republic administration moved swiftly to reform its taxation system. By 1925, the archaic 'aşar tax' (a tithe tax on agricultural produce) was abolished, despite the recent war's end. The void created in the state budget was subsequently filled with modern fiscal legislation in line with contemporary taxation principles. Between 1926 and 1930, the Turkish Republic introduced vital tax laws which would influence tax systems for the coming century and shape accounting practices throughout that period. One of these tax laws was the Income Tax Law (Güvemli, Aytulun and Şişman, 2013).

The Income Tax Law of 1926, which later evolved and was replaced by the Corporate Tax Law in a 1949 reform, assumed the role previously occupied by the Ottoman Dividend Tax Law. This law was comprehensive, encompassing commercial and industrial entities, freelancers, and service employees (Article 1). It adopted an annual declaration method (Article 6) and required a declaration of annual taxable profits, along with the inclusion of balance sheets and profit and loss statements for trading companies (Articles 7, 11). Additionally, the law provided guidelines on the structuring of the balance and profit and loss statements (Articles 12,13) and necessitated the maintenance of the main ledger (*defter-i kebir*). It also prescribed progressive tax rates, starting from 15% and escalating up to 30% based on profit slabs. The standout feature of the Income Tax Law was the endorsement of the declaration

method, making profit determination based on accounting records imperative. This was explicitly highlighted in the law. The balance sheets and profit and loss statements made their debut with this law, cementing their role as accounting-based documents.

The Income Tax Law was not just another tax reform. It was a transformative piece of legislation that recognized and amplified the role of accounting in modern governance. It emphasized the necessity of having clear, precise, and standardized financial records, laying the foundation for the growth of the accounting profession. This emphasis on accounting, seen as an outcome of the intensive modernization efforts from 1879-1885, highlighted the integral relationship between sound fiscal policies and robust accounting practices (Güvemli, Aytulun and Şişman, 2013).

3.5. Developments of Accounting Standards in Türkiye

As accounting practices advanced in Türkiye, the formation and refinement of accounting standards became vital to ensure transparency, consistency, and comparability in financial reporting. The state has largely driven the evolution of these standards, with various institutions playing pivotal roles. Foreign practices, inspired by nations with which Türkiye maintained strong economic and political relationships, significantly influenced the laws and regulations introduced, mirroring Türkiye's international commitments.

3.5.1. Standardization of Financial Reporting

Initially, Turkish accounting practices were heavily influenced by French legislation, especially with the adoption of the 1850 Commercial Code, which was derived from the 1807 French Commercial Code. This adaptation attested to the strong commercial and economic ties the Ottomans had with the French. These ties began with the capitulations granted around 1535 during the reign of Suleiman I (also known as Suleiman the Magnificent) and were expanded in 1740 (Atasel and Dinç, 2016, p. 269). The deep commercial connection between the French and the Ottoman Empire ensured that accounting practices in the latter remained predominantly under French influence.

This was later succeeded by the influence of German laws and literature. However, post-1950 marked a shift in this trajectory. From mid 1900s to the 1990s, financial statements consisted of balance sheets and profit-loss accounts, with the income statement yet to see significant development. The post-1950 era, influenced by liberal

economic policies, saw the rise of private sector institutions. Their increasing credit demands, coupled with the need for medium-term loans in addition to short-term bank credits, led to the establishment of the Industrial Development Bank of Türkiye (1950) and the Industrial Investment and Loan Bank (1963), later known as Industrial Investment Bank. These two development banks, along with the State Investment Bank (1964) operational during the same period, played pivotal roles in advancing financial statements. The growth of banking during this period intensified efforts on standardized financial statements, even before the introduction of a unified account plan (Güvemli, Güvemli and Aslan, 2018).

3.5.2. Commission for the Restructuring of State Economic Enterprises

After the adoption of liberal economic policies post-1950s, Türkiye witnessed growth in private enterprises while state-established entities from Atatürk's era remained significant. This was highlighted in the First Five-Year Development Plan (1963-1967), describing Türkiye's mixed economy. By the 1960s, reformation efforts rooted in the cultural backgrounds from the 1930s and 1940s commenced, leading to the introduction of Law No. 440 in 1964 concerning State Economic Enterprises (SEE) (Güvemli, Güvemli and Aslan, 2018, pp. 175–176).

The law's essence was to ensure these enterprises functioned efficiently within a mixed economy framework. Under this law, the Commission for the Restructuring of State Economic Enterprises (*İktisadi Devlet Teşekküllerini Yeniden Düzenleme Komisyonu*) was established to review and adjust the financial structures of these enterprises. The commission began its efforts around mid-1964 and continued until 1968. After the commission's mandate ended, the State Planning Organization took over with a new Reorganization Group. This organization finalized the publication of books, which served as both references and guides, and also monitored the implementation. The pilot application of the first uniform accounting plan was carried out in 1969 at Azot Sanayi Inc., a state economic enterprise (Kartal, 2005, p. 230; Güvemli, Güvemli and Aslan, 2018, p. 176).

The Unified Accounting System introduced in 1968, became a requirement for SSE by 1972. This system was comprehensive, encompassing seven detailed reports that ranged from the rectification and standardization of accounting methods to the organization of financial departments.

The reports focused on the reform and standardization of accounting procedures, ensuring a uniform approach across state enterprises. It outlined foundational accounting concepts, ensuring they were in alignment with generally accepted accounting principles. To facilitate transparent financial reporting, a standardized reporting system was introduced. The Unified General Account Plan was presented, establishing guidelines for account classifications. The organizational structure and roles of financial, accounting, and control departments within the enterprises were emphasized. Additionally, the reports provided clarifications on various accounting terms and concepts.

Although initially designed for SEE, its influence spread, with other businesses gradually adopting its principles. This initiative not only harmonized accounting practices within SEE but also set a benchmark for future regulations and inspired private sector entities (Pür, 1995; Başpınar, 2004).

3.5.3. Expert Accountants' Association of Türkiye

Expert Accountants' Association of Türkiye (EAAT) (Türkiye Muhasebe Uzmanları Derneği - TMUD), founded in Istanbul in 1942, took on the challenge of reconciling the disparities present within the accounting regulations set by major Turkish legislations. Its primary objective was to harmonize the variances originating from the Turkish Commercial Code, the Tax Procedure Law, and the Capital Markets Law, striving to foster a more consistent accounting landscape in the country.

A significant part of EAAT's impact has been its active representation of Türkiye in the global accounting arena. Starting in 1954, the association embarked on a journey to represent Türkiye on international platforms by regularly dispatching delegate groups, typically comprising 10-12 members, to the International Accounting Congresses. Their engagement was not merely symbolic; these groups actively participated in deliberations and discussions that shaped global accounting norms.

The 1970s marked a series of monumental strides for EAAT on the global front. In 1972, during the 11th International Accounting Congress held in Sydney, Australia, a 14-member EAAT delegation pledged their commitment to the IASC. This commitment was more than just an affiliation; it signified Türkiye's dedication to aligning its accounting standards with international norms. Then in 1977, the spotlight was once again on EAAT during the 12th International Accounting Congress in

Munich, Germany. Here, the association took on a significant role by becoming a founding member of the International Federation of Accountants (IFAC). The IFAC, headquartered in New York, is a globally recognized body for the accounting profession, ensuring the adherence to high-quality standards in accounting and auditing.

Reflecting its alignment with global standards and practices, EAAT was instrumental in translating and publishing IAS in Turkish. By 1975, adopted these international standards, recommending strict adherence by all its members. Adding to its list of contributions, EAAT presented a comprehensive book in 1992, encompassing 31 established International Accounting Standards, further underscoring its role in shaping the country's accounting landscape (Parlakkaya, 2004; Güdelci, 2019).

EAAT's significance and prominence were further validated at a national level. The Turkish Council of Ministers, acknowledging the association's integral role, granted EAAT a unique privilege. As per the decision dated March 28, 1975, with reference number 7/9737, EAAT was permitted to incorporate the term 'Türkiye' into its official name. Further solidifying its stature, the Official Gazette, in its publication numbered 16695 dated July 13, 1979, with decision 7/17673, confirmed EAAT's official membership in both the prestigious IFAC and the IASC (Türkiye Muhasebe Uzmanları Derneği, 2023). This multifaceted journey, spanning local reconciliations and global affiliations, grounds EAAT's position at the forefront of Türkiye's accounting landscape, offering a blend of local expertise with global insights.

3.5.4. The Union of Chambers of Certified Public Accountants of Türkiye

The timeline progressed to 1987 when Türkiye applied for full membership of the European Union. This move further pivoted Turkish accounting practices towards compliance with EU regulations (Başpınar, 2004).

On May 13, 1989, the enactment of Law No. 3568, concerning Independent Accountancy, Independent Financial Consultancy, and Sworn Financial Consultancy, led to the establishment of the Union of Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants of Türkiye (TÜRMOB). After the enactment of Law No. 3568, the need to regulate accounting standards has increased. Moreover, due to Türkiye being a member of IFAC, it became a fact that the country is obligated to accept the principles of International Accounting Standards and consequently, to

prepare its own national accounting standards (Başpınar, 2004, p. 50).

3.5.5. Accounting and Auditing Standards Board of Türkiye

Drawing upon its granted authority, TÜRMOB founded the Türkiye Accounting and Auditing Standards Board (TMUDESK) on 09.02.1994, anchored to the law numbered 3568. The primary objective behind the establishment of TMUDESK was to foster the development and adoption of national accounting principles, which would ensure that audited financial statements are relevant, accurate, reliable, balanced, comparable, and comprehensible (Parlakkaya, 2004, pp. 30–32). It was a member of IASB from the start of its establishment (Kaya and Utku, 2019).

The objectives that guide TMUDEKS when setting accounting standards, as articulated by Başpınar (2004, p. 50), include:

- Formulating and disseminating accounting standards to be employed in the presentation and organization of financial statements,
- Encouraging widespread adoption of these standards,
- Ensuring alignment with International Accounting Standards while developing Turkish Accounting Standards,
- Considering the current state and needs of the Turkish economy,
- Utilizing accepted concepts and terms in the accounting field during the standard-setting process,
- Endeavoring to synchronize prevailing legislation with accounting standards and methodologies.

By 1 January 2002, TMUDESK had published 19 accounting standards, aligning itself with global benchmarks, as indicated by its membership with the IASB since 1994.

On 14 April 1996, TMUDEKS unanimously approved 11 accounting standards during its general assembly. These standards, dubbed ‘Turkish Accounting Standards’ (TAS), came into effect on 1 January 1997. They were meticulously crafted with a focus on fundamental concepts, international standards, and existing practices (Yılmaz, 2007, p. 143). Nonetheless, the 19 standards published by TMUDEKS until 1 January 2002 are consistent with IFRS (Parlakkaya, 2004, p. 130). However, despite the release of these standards, their widespread adoption faced challenges due to the lack of a legal enforcement mechanism. This was addressed with the establishment of the Turkish Accounting and Auditing Standards Board (TASB), as added by the law numbered

2499 (Parlakkaya, 2004, pp. 30–32).

3.5.6. Turkish Accounting Standards Board

In response to the challenges posed by divergent financial statement preparations by businesses, predicated upon the regulations they fell under, there arose a pressing need for a regulatory board tasked with establishing and enhancing national accounting standards in Türkiye (Parlakkaya, 2004, p. 132; Güdelci, 2019). TASB was formed under the Capital Markets Law, specifically the additional clause ‘EK-1’ added via Law No. 4487 on December 18, 1999. It commenced operations in 2002 with a structured nine-member team. Members were selected from various pivotal institutions, including the Ministry of Finance, High Council of Education, the Treasury, Capital Markets Board, and Banking Regulation and Supervision Agency. Furthermore, there was a representative from the Union of Chambers and Commodity Exchanges of Türkiye, one sworn-in financial consultant and one independent accountant, bringing the total number to nine. Their tenure was stipulated for a period of three years (Parlakkaya, 2004; Çelik, 2005, p. 111).

The primary objective of TASB was to formulate and endorse national accounting standards that ensured financial statements were not only relevant, trustworthy, balanced, and understandable but also comparable. This vision mirrored that of its predecessor, TİMÜDESK (Parlakkaya, 2004). The latter laid the foundational groundwork during its operational period, providing a blueprint for TASB to follow (Başpınar, 2005, p. 51).

TASB had the legal authority to establish and enforce Turkish Accounting Standards for all companies across Türkiye (Kaytmaz Balsarı and Sigalı, 2014). TASB focused on harmonizing national accounting standards with international counterparts and issue standards that are in complete alignment with IAS and IFRS. This undertaking not only aimed to strengthen Türkiye’s national economy and accounting framework but also to ensure its integration with current international systems (Bostancı, 2002; Parlakkaya, 2004). Acknowledging the value of TİMÜDESK’s efforts, TASB adopted the standards previously published by TİMÜDESK as preliminary drafts. These drafts were then opened to public scrutiny, and after careful evaluation and necessary amendments, they were republished as TASs (Parlakkaya, 2004; Çelik, 2005, p. 111). The comprehensive feedback mechanism employed by TASB, enabling stakeholders

to contribute via their official website or through post, emphasized its commitment to inclusivity and transparency (Parlakkaya, 2004, p. 133).

Moreover, to achieve accounting harmonization within the nation, both the Banking Regulation and Supervision Agency and the Capital Markets Board phased out their own standards in favor of those issued by the TASB. These standards, consistent with the IFRS adopted by the European Union, became the sole standards in 2006 and 2008 respectively, establishing TASB as the only issuer of IAS and IFRS compatible standards in Türkiye (Kaytmaz Balsarı and Sigalı, 2014).

However, the TASB narrative took a turn in 2011. As per Decree Law No. 660, dated November 2, 2011, the institution was disbanded. All the responsibilities, duties, and jurisdictions that TASB held were subsequently transferred to the Public Oversight, Accounting and Auditing Standards Authority of Türkiye (POAAB). In addition to taking over these roles, POAAB was also endowed with the authority to oversee independent audits (Yereli, 2015, p. 29; Güdelci, 2019).

3.5.7. Adoption of IFRS in Türkiye

The adoption of IFRS in Türkiye reflects a global trend towards standardized, transparent financial reporting and is closely linked with the country's efforts to align its practices with international norms, especially in the context of EU integration and globalization. In 2000, the EU published a directive that required all publicly traded companies within its borders to switch to IFRS by 2005, as is explained in Chapter Two. This marked the beginning of a significant shift in the financial reporting landscape not just in Europe, but also in Türkiye.

In early 2000s, The Capital Markets Board formulated two notifications, one concerning the 'Adjustment of Financial Statements in High Inflation Periods' and the other on 'Consolidated Financial Statements and Accounting for Affiliates in the Capital Market', both in harmony with international accounting norms. Following these developments, efforts were made to prepare all international accounting standards for application in businesses trading securities in the Turkish capital market (Pekdemir, 2003), and this led to the publication of a communique in the Official Gazette on November 15, 2003, which was set to come into effect from January 1, 2005. This communique made it mandatory for companies listed on the stock exchange, brokerage firms, portfolio management companies, and their consolidated

subsidiaries to prepare their financial statements in accordance with IFRS. As the IFRS is being adopted worldwide, modifications were made to the national standards in Türkiye to ensure compliance with these global norms. The Capital Markets Board, taking into account the current IFRS, EU financial reporting regulations, the work done by the TASB, and the provisions in the new draft of the Turkish Commercial Code, repealed the previous communique and introduced a new one. The new communique, which came into effect on April 9, 2008, mandated the application of IFRS, as adopted by the EU, for the financial statements of capital market institutions (Kaya and Utku, 2019).

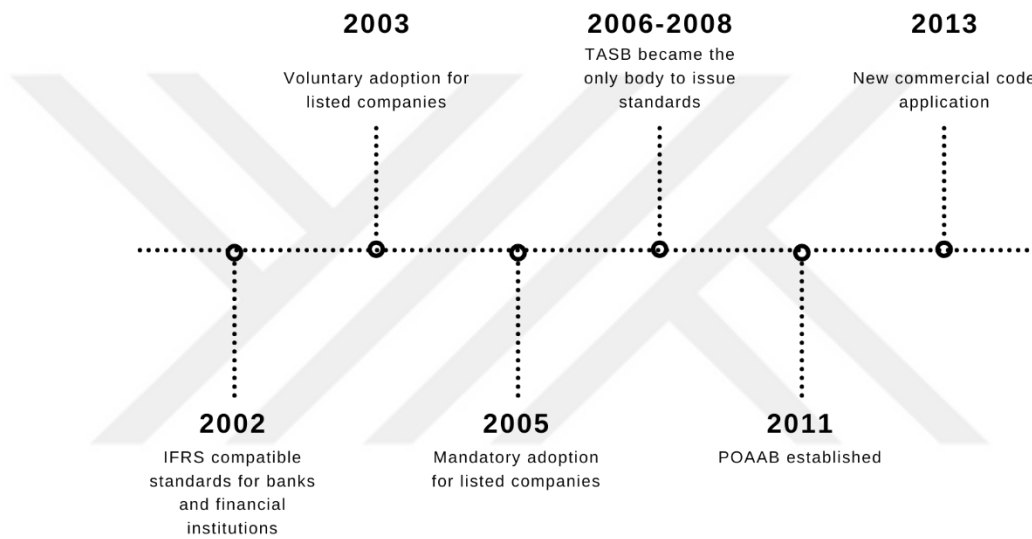


Figure 2. Important events in IFRS adoption in Türkiye (Source: Kaytmaz Balsarı and Sigalı, 2014, p. 379)

The introduction of the new Turkish Commercial Law marked a pivotal moment in the implementation of IFRS in Türkiye. After extensive discussions and deliberations, the new Turkish Commercial Code was enacted in 2012. This represented a significant shift from the German legal tradition to the Anglo-Saxon legal tradition. The reformed commercial code prioritizes fair competition, transparency, and corporate governance, with a particular focus on accounting and auditing standards. The new law mandates that companies meeting specific criteria adhere to TAS for accounting periods starting on or after January 1, 2013. Figure xxx shows important events in IFRS adoption in Türkiye.

Table 3. Important Timeliness of Accounting Standards in the US, Europe, and Türkiye

US	10s-20s-30s	1929 Stock Market Crash	30s-40s	1934 SEC	50s-60s	1959 Accounting Principles Board	1970s	1973 FASB	1980s	Development of Conceptual Framework	1990s	Interest in international harmonization	2000s	2002 Sarbanes Oxley
	Europe	1914-1918 World War I	1948 Benelux Customs Union	1957 EEC	1978 Fourth Directive on Company Law	1983 Seventh Directive on Consolidation	1993 Daimler-Benz listed on NYSE	1995 EC accounting harmonization	2001 IASB & FASB	2004 Norwalk Agreement	2005 IFRS Adoption	1981 Capital Markets Board	1987 TÜRMOB	1994 TMUDESK
1939-1945 World War II		1942 Expert Accountants Association												
Türkiye	1923 Turkish Republic	1926 Turkish Commercial Code	1942 Expert Accountants Association	Economic development	1972 Unified Accounting System Required	1981 Capital Markets Board	1987 TÜRMOB	1994 TMUDESK	1999 TASB under Capital Markets Law	2005 IFRS Adoption	1981 Capital Markets Board	1987 TÜRMOB	1994 TMUDESK	1999 TASB under Capital Markets Law
	1926 Turkish Commercial Code													

CHAPTER 4: THEORETICAL FRAMEWORK

The wide range of accounting practices across different countries poses significant challenges for translating and implementing the IFRS. Reconciling these practices under a single set of global standards highlights the importance of examining the underlying philosophy of language. This exploration is pivotal not only for enhancing our comprehension of accounting terminologies but also for facilitating effective communication within the global financial community. This chapter aims to provide an in-depth understanding of this philosophy, specifically through the analytical perspectives of John Searle and Ludwig Wittgenstein. Their philosophical insights are crucial for understanding how linguistic interpretation and cultural context affect the worldwide adoption of accounting norms, contributing to discussions on the feasibility and methodology of achieving harmonization within the IFRS framework. Next, translation theories relevant to the field of accounting are discussed, then a thorough review of the relevant literature is provided.

4.1. Philosophy of Language

Language is more than just a way for us to talk to each other; it shapes how we think and interact with everything around us. Philosophers and experts in language have always been fascinated by how deeply language is woven into the fabric of our lives, influencing our thoughts and our society.

4.1.1. Ludwig Wittgenstein

Ludwig Wittgenstein, an influential philosopher from Austria and Britain, has greatly influenced the field of philosophy of language and mind. In his renowned book ‘Philosophical Investigations’ published in (1953), he presents the idea of ‘language games’ interconnected with ‘forms of life’. According to Wittgenstein, words acquire meaning through their usage within specific social and cultural frameworks, challenging the notion that their meanings are fixed or universal.

Language-Game

Wittgenstein introduces the term ‘language game’ to illustrate that speaking a language involves various activities. Language goes beyond symbols and rules; it is alive, active, and deeply embedded in human interactions and behaviors. Language games encompass a wide range of activities such as telling jokes, solving arithmetic problems, translating between languages, and even religious praying. Each activity utilizes

language in its own unique way, forming different language games (pp. 11-12, section §23).

The author presents a language scenario involving two individuals, A and B, to investigate the process of language acquisition within the framework of language games (pp. 4-5, sections §6 and §7). According to this scenario, children learn language through engagement and response. They are taught to perform specific actions, use particular words while performing these actions, and respond to others' words.

A significant aspect of this language training involves what Wittgenstein refers to as 'ostensive teaching of words', which differs from 'ostensive definition' because young children are not yet capable of questioning the names given to objects. In ostensive teaching, a teacher points at an object while simultaneously uttering the corresponding word, for example, saying 'slab' while pointing at a slab-shaped object. This method aims to establish an association between the word and its referent. However, Wittgenstein challenges the assumption that evoking mental images is the primary purpose of using words to denote objects.

Wittgenstein recognizes that hearing a word may evoke an image, but he contends that this is not necessarily the purpose of language. When someone hears the word 'slab', their understanding of it is demonstrated through their appropriate action in response - in this case, bringing a slab-shaped object - rather than solely relying on the mental image created by the word. According to Wittgenstein, comprehension of words depends not only on ostensive teaching but also on specific training and contextual factors. To illustrate his point, he uses the analogy of a brake lever: it only functions as part of the entire mechanism. Similarly, words acquire meaning within the broader context of language and associated activities.

Language learning is a practical process where one person calls out words, and another responds with actions. Wittgenstein expands on this idea by linking language teaching methods to the concept of language games. These games involve naming objects or repeating words under the guidance of a teacher. The term language game reflects the interconnectedness between language and actions in our daily lives. It signifies that language is not solely composed of sounds or symbols but also encompasses the activities and contexts in which it is used. Thus, understanding a language involves

grasping its dynamics as part of broader human interactions.

Meaning and Use

According to Wittgenstein, the meaning of a word is often determined by its usage within language. This concept plays a crucial role in his later philosophy, prioritizing the practical aspect of language rather than abstract understandings of meaning. He contrasts this with how names can be understood, where their meaning can be explained by pointing to their bearer, the object or person they refer to (pp. 20-21, section §43). In such a game, names could always be replaced by demonstrative pronouns like 'this' along with an act of pointing. However, it is important to note that just because a demonstrative has a specific bearer does not automatically make it a name (pp. 21, section §45). Names are typically defined or understood through pointing rather than being used in the same way as other words.

Through these reflections, Wittgenstein emphasizes that the relationship between words, names, and their meanings is not fixed. Instead, it is shaped by the rules and practices of the particular language games we participate in. The significance of a word or name depends on its role within our language activities, which can vary significantly across different contexts. This perspective moves away from the notion that meaning is inherent to words and names; instead, meaning arises through use.

In examining the distinction between naming and describing, Wittgenstein introduces a simplified language game where letters ('R', 'G', 'W', and 'B') symbolize colored squares (red, green, white, and black). In this language game, sentences consist of these letters arranged to represent different arrangements of colored squares on a surface (pp. 23-24§48). The simplicity or complexity of an element (such as a colored square) can vary based on the rules and context within the language game. What may be considered simple in one context could be complex in another. Wittgenstein suggests that a sign like 'R' can serve both as a word and a proposition, depending on its use. If someone uses 'R' to describe a square to another person, it functions as a description - a proposition. However, if 'R' is used during the learning process for memorization or teaching purposes, it does not function as a proposition but rather serves as a name. This distinction between naming and describing highlights the fluidity and contextuality of language games. It demonstrates that the meaning of words and names is not solely determined by their referents or abstract definitions, but rather by their use within specific linguistic practices. According to Wittgenstein, naming is distinct

from describing and does not constitute an action within the language game. Just as placing a piece on a chessboard is not yet a move in the game, naming something alone does not fulfill its function until it is used within the rules and context of the language game.

This distinction between naming and describing highlights the fluidity and contextuality of language games. It demonstrates that the meaning of words and names are not solely determined by their referents or abstract definitions, but rather by their use within specific linguistic practices. According to Wittgenstein, naming is distinct from describing and does not constitute an action within the language game. Just as placing a piece on a chessboard is not yet a move in the game, naming something alone does not fulfill its function until it is used within the rules and context of the language game. This understanding emphasizes that words are tools in social interactions, where appropriate actions should be taken towards objects they name.

This reflects the notion that the meaning of words is not an inherent property but is established through their use in language (p. 24, section §49). Wittgenstein emphasizes that language is a structured activity, and the significance of its elements is established by their roles within it. Naming serves as an initial step, but true linguistic communication and description occur when names are integrated into the dynamic process of speaking and comprehension. This highlights that the meaning of words is not inherent but established through their use in language. Language is a structured activity where components derive meaning from their roles in this structure. Naming serves as merely the starting point, while communication and description occur when names are integrated into active speaking and understanding processes.

Wittgenstein raises questions about the nature of signs and their animating force. He ponders whether their meaning is derived externally through their use or if it is inherent in their function (p. 128, section §432). Therefore, to understand concepts fully, we must explore how they behave in different situations rather than assuming they have a fixed and unchanging nature (pp. 21-22 section §47, pp. 37-38 section §79, pp. 40-41 §87, pp. 41-42 §88, p.125, §593).

This perspective challenges the traditional view that language is a static system with fixed meanings. Instead, Wittgenstein's philosophy of language emphasizes the dynamic nature of meaning and the role of context in shaping it. According to

Wittgenstein, the meaning of words is not determined by their referents or abstract definitions but rather through their use in social interactions. Words are like tools that not only name objects but also imply the appropriate actions to be taken towards those objects. By introducing the concept of 'language games', Wittgenstein highlights the idea that the meaning of words is established through their use within specific linguistic practices.

4.1.2. John Rogers Searle

John Rogers Searle extended the linguistic theory domain by exploring language's role in constructing social realities. Searle's work is based on the assumption that there is a need for a new branch of philosophy, which can be called the 'Philosophy of Society' (Searle, 2010, p. 5). This field is distinct from traditional political or social philosophy. While social philosophy is a continuation of political philosophy, Searle's philosophy of society is different, emphasizing a more fundamental research line on the nature of human society (Bingöl, 2023, p. 12).

Social Reality

Searle proposed that language serves a dual role: It is not only a medium for communication but also a powerful tool that shapes social reality. This concept is vividly captured in what Searle refers to as 'speech acts'. In his 1969 *Speech Acts: An Essay in the Philosophy of Language* book, Searle explains speech acts are the core transactions of linguistic communication and embody specific functions such as declarations, assertions, and promises. Each of these functions plays an integral role in social interaction. It is important to note that speech acts can be understood by distinguishing between their 'illocutionary force' (the type of act being performed) and their 'propositional content' (what is being talked about). Therefore, language should not be seen merely as a means of conveying information; instead, it should be recognized as a medium through which various actions can be performed.

Expanding on this groundwork, Searle (1995, p. 13) further develops these concepts in his theory of social reality by emphasizing three primary components: The attribution of functions (status functions), constitutive rules, and collective intentionality.

Assignments of Function

Searle emphasizes the distinction between aspects of reality that exist independently from human perception or use, such as the physical properties of objects, and those

that are dependent on our interpretation or attribution. In other words, humans have the ability to assign specific roles or meanings to things and individuals based on their intended functions rather than solely relying on their inherent characteristics.

In this context, the fundamental idea is the ability of humans to assign functions to objects and individuals. This assignment is not based on their physical attributes but on agreed-upon societal roles or purposes. For an object or individual to fulfill a specific function, there must be collective recognition of their status. This status is socially constructed and does not stem from the inherent qualities of the object or individual themselves.

For instance, the physical composition of a piece made from metal and wood possesses an autonomous quality. However, labeling it as a 'screwdriver' assigns a specific purpose based on human use and perception (1995, p. 10). This attribution of function is what Searle defines as an 'agentive function'. Status functions are a particular subset of agentive functions where objects or actions symbolize or represent something beyond their inherent physical attributes. For example, while chairs and screwdrivers primarily serve practical roles, marks on paper (such as a \$20 bill acting as currency) can represent complex concepts and social constructs.

Collective Intentionality

In his 1995 work, Searle discussed the concept of 'intentionality' in social phenomena. He distinguished between personal intentions and collective intentionality. Intentionality refers to the mind's ability to represent objects and states of affairs. Collective intentionality, on the other hand, involves shared intentions, beliefs, and desires within a group. It is important to note that collective intentionality is not simply a combination of individual intentions but rather a distinct phenomenon within individuals while also applying to the group as a whole. This type of intentionality encompasses consciousness and includes creating representations with real-world consequences. Language plays a crucial role by serving as a tool for representing existing situations and constructing new realities.

Searle emphasizes the requirement of a consensus or collective acceptance of constitutive rules and assignments to give rise to institutional facts such as money, government, and marriage. This collective intentionality transforms simple physical realities (brute facts) into complex social constructs (institutional facts). For instance, pieces of paper assume the role of 'money' only through the collective agreement that

they hold economic value in a specific context.

Searle's exploration of collective intentionality highlights the significance of shared intentions and beliefs in shaping human social reality. He emphasizes that this capacity is inherent in humans as part of their natural biological processes. The concept of collective intentionality is crucial in understanding how functions and roles are assigned within society.

Constitutive Rules

Constitutive rules, as introduced by Searle, are another critical aspect in understanding social reality. These rules define how particular objects or actions should be treated or regarded within a given context. They operate on a formulaic nature, often stated as 'X counts as Y in context C'. In this formulation, X represents an object or concept, Y is the assigned status function for X, and C refers to the specific context or social setting in which this assignment takes place.

These rules are not merely descriptive but also constructive; they give rise to the activities or practices they define. For instance, chess rules do not simply describe how chess is played; they shape and create the game itself. An essential aspect of these rules is that the assigned status function (Y) is not an inherent property of the object or concept (X), but rather it emerges through collective human agreement and perception.

Language allows us to establish concepts such as leadership, ownership, and relationships that go beyond mere representation. These concepts actively shape social reality by creating new states of affairs. When we use language to make declarations like 'This is my property' or 'He is our leader', we are not just stating facts but also shaping the social context through intentional acts of meaning (Searle, 2007, p. 40). For example, asserting 'This is my property' not only claims ownership but also establishes rights if acknowledged by others.

4.1.3. Discussion of Searle's and Wittgenstein's Works on Philosophy of Language

In the field of philosophy of language, two influential figures, Ludwig Wittgenstein and John Searle, provide valuable insights into language and its impact on our comprehension of the world. Despite their different approaches, both philosophers shed light on the intricate nature of human communication and the formation of social reality. This aspect holds unexpected significance in the field of accounting.

Searle argues that there is a clear distinction between the natural world and what we

call institutional reality, which is created through social processes. Each individual perceives reality differently based on their own experiences and beliefs. However, for society to function effectively and for civilization to prosper, there must be a common understanding of reality among its members. In this context, concepts of ‘brute facts’ and ‘institutional facts’ become particularly relevant. Brute facts, as Searle explains, are the underlying material causes of social facts. They are the objective, concrete aspects of the world that we can observe and interact with. On the other hand, institutional facts are socially constructed but still hold power and influence over our lives. This socially constructed shared perception forms a concept that may not have a physical presence but significantly influences our behaviors and choices. They exist because we collectively agree to assign certain meanings and functions to objects, events, and even language itself.

Throughout the progression of civilization and societal development, some concepts emerge as distinct products of human creation. This serves as evidence of our proficiency in shaping and delineating the world we inhabit. Gold exists independently of human intervention. In its natural state, it is a ‘brute fact’. However, when we consider gold coins or the concept of money itself, we enter a realm entirely shaped by our collective intentionality and it turns into an ‘institutional fact’. These are not merely physical entities; they represent our ability to assign status functions and create institutional facts through constitutive rules and shared intentional states. Without human society giving them meaning and existence through recognition and agreement, they would cease to have significance.

Wittgenstein introduces the concept of language games, suggesting that language is more than just a tool for communication. It is a way to participate in shared forms of life, each with its own set of rules and norms deeply embedded in our social and cultural fabric. This perspective challenges the traditional view of language as a static, predetermined system. Instead, Wittgenstein envisions language as a living, breathing entity, dynamic and evolving, shaped not by objective definitions but by its use within societal contexts.

Searle further examines how language establishes societal structures through collective intentionality and constitutive rules. This brings into focus the role of deontology in language - how words and phrases establish rights, duties, and obligations within our social world. Searle’s exploration of collective intentionality

and constitutive rules provides a deeper understanding of social reality and how it is constructed. Through collective intentionality, individuals not only engage in cooperative behavior but also share intentional acts such as beliefs, desires, and intentions. This shared intentionality is essential for assigning status functions to objects and events within society.

These shared intentional acts involve deontology and establish rights, duties, and obligations within the social realm. For instance, concepts like private property and money serve as permanent speech acts attached to objects that signify specific rights and obligations. In other words, declaration involves both the representation of a claim and the creation of a new social fact through others' acceptance of this claim. This reciprocal relationship is crucial in understanding how different mental states or speech acts relate to the world - whether they aim to depict reality as it is or shapes reality to conform with them. The acceptance of such linguistic declarations contributes to the development of public deontology, which encompasses communal obligations and rights that are independent of individual desires. Searle describes a series of steps in this process, starting with prelinguistic intentionality and progressing toward the creation of complex social and institutional realities through linguistic representations. This entire process relies on the collective agreement and recognition of specific statements, enabling the formation of institutions such as governments, property rights, and marriages. Once established through intentional actions, these deontological structures naturally extend into social reality. Searle suggests that this extension is not logically necessary but empirically inevitable due to our innate capacity for representation. Essentially, humans' ability to represent or symbolize concepts enables them to create realities based on those representations. This process of collective intentionality and the assignment of functions gives rise to institutional facts and shapes our understanding of social reality.

The implications of these philosophies extend far beyond abstract thought and find a concrete application in the world of accounting. When considering the adoption of accounting norms, like the IFRS, one must recognize that it is not simply about applying a universal set of rules. Instead, it mirrors Wittgenstein's language games, where the meaning and application of accounting standards are deeply intertwined with cultural and linguistic nuances.

4.2. Philosophy of Language and Conceptual Framework

IASB's Conceptual Framework (Framework) for Financial Reporting establishes the objectives and concepts for general-purpose financial reporting. It serves to provide guidance to the IASB in creating consistent IFRS standards, assist preparers in formulating cohesive accounting policies when specific standards do not apply or offer options, and facilitate comprehension and interpretation of these standards by all stakeholders (IASB, 2018, section §SP1.1).

The primary goal of the Framework is to promote transparency, accountability, and efficiency in global financial markets. In doing so, the IASB aims to serve the public interest, build trust, and facilitate long-term growth and stability in the global economy (section §SP1.5). The Framework's role in aligning financial reporting practices across jurisdictions drives the convergence of accounting standards, fostering integration and coherence in the global financial landscape.

Globally accepted accounting practices can be explained as a reflection of the interplay between philosophical ideas from Wittgenstein and Searle. The IFRS standards are not just a static set of guidelines, but rather a dynamic product that arises from extensive consultations, discussions, and consensus-building among stakeholders in the accounting field. This process aligns with Searle's perspective on how social realities are created through language, where accounting norms emerge and evolve through social negotiation and collective intentionality. Similarly, the Framework, which plays a vital role in guiding this process, is not just about technical guidelines or objective measurements. It reflects the social and institutional reality and aligns with Wittgenstein's perspective on language and meaning as being fluid. In this context, the meaning of accounting terms and standards is not fixed but varies across different cultural landscapes, highlighting their role as part of evolving language games. The adoption and implementation of these norms rely on a shared understanding of their functions within the accounting profession. It is through the agreement and acceptance by the global accounting community that these norms become institutional facts, governing how financial information is recorded, reported, and interpreted.

However, accounting norms and establishing institutional facts are not sufficient to guarantee their proper implementation. Wittgenstein highlights the importance of understanding a word by examining the rules that govern its usage: "The meaning of

a word is what is explained by the explanation of the meanings” (p. 149, section §560). According to Baker and Hacker’s analysis of Wittgenstein’s work (2009), an explanation of a word provides a rule for its use, which in turn contributes to our comprehension of its meaning. These explanations establish criteria within a speech community for determining whether words are being used correctly. Each term used in accounting, like ‘asset’, ‘liability’, or ‘equity’, gets its meaning from its application within the framework of financial reporting. This means that understanding these terms requires recognizing how they are employed within the specific practices and rules of accounting.

Searle shares similar views on this matter, as discussed earlier, emphasizing that constitutive rules follow a formulaic structure expressed as ‘X counts as Y in context C’. This structure illustrates how specific elements or actions are assigned definitions or significance within particular contexts. The definitions within the IASB’s Framework are intended to be of this kind. According to the Framework, “An asset is a present economic resource controlled by the entity as a result of past events” (IASB, 2018, section §4.3). This indicates that if an item exhibits the characteristics of an asset, it is categorized as such and vice versa; assets inherently possess these distinct qualities.

According to Alexander (2016, p. 31-32), concepts, although initially based on human perception and agreement (ontologically subjective), can acquire a form of objectivity (epistemological objectivity) through communal consensus. This transformation is accomplished through social communication utilizing language as a means of conveying meaning in various sign systems that can be perceived by humans. He argues that in this context the role of accountants becomes philosophically nuanced. The economic phenomena they aim to represent in financial reporting are not objective truths but socially constructed realities. The challenge for accountants is to provide a ‘true and fair’ view of these phenomena while acknowledging that they represent subjective human constructs.

He further examines this in a subsequent study. Alexander et al. (2018) researched the collective interpretations and utilizations of the ‘substance over form’ principle across seven European countries with varying legal frameworks. The paper recognizes the inherent challenges in applying the principle, referring to Wittgenstein’s concept of language games to explain how different interpretations and applications arise among

these countries despite following centralized EU directives. These variations can be attributed to cultural, legal, and historical differences that influence their practical implementation. For example, they found that substance over form principle is interpreted and applied differently in common law versus civil law systems across various European countries. On one hand, in common law systems like the UK, accounting rules are often based on observed practices. The parties involved in a contract are expected to disclose the true substance of a transaction. This approach focuses on applying practical accounting principles according to prevailing business practices. On the other hand, civil law systems found in countries such as Germany, Austria, Italy, and France typically provide named and defined concepts to give individuals a framework for interpreting their own business. These systems offer a structured approach to applying accounting rules by defining and classifying notions. This divergence challenges the notion of harmonization in financial reporting across Europe and brings into question the existence of a uniform Pan-European accounting community.

The paper suggests that the differences in understanding and application of substance over form principle are significant and unavoidable. It argues for more attention to be paid to national differences and similarities, emphasizing that harmonization in accounting practices can only occur within contexts with similar language games. This aligns with Wittgenstein's metaphor of 'family resemblances', where similarities may be found even among diverse practices. The paper emphasizes that accounting rules and practices are part of these language games influenced by various attitudes, beliefs, and frameworks. It highlights the challenges in achieving meaningful comparison and harmonization across countries due to variances in the interpretation and application of financial reporting concepts.

Dennis (2018) employs Wittgenstein's work and the method of conceptual inquiry to explore the nature of a conceptual framework in financial reporting. In his examination of the IASB and FASB's project to revise the Conceptual Framework for financial reporting, Dennis explains a descriptive conceptual inquiry that reveals significant complexities and shortcomings in the established explanations of the Conceptual Framework. The inquiry begins with an analysis of how the Conceptual Framework was historically described and currently understood by the IASB and FASB, tracing its depiction as a "*coherent system of interrelated objectives and fundamentals*"

(FASB, 1976, p. 2) This system, as defined in various documents from the 1970s to more recent times, is intended to guide the selection, recognition, measurement, and reporting of financial transactions and events. Dennis points out the ambiguities and variations in how key terms within the Conceptual Framework are used, echoing Wittgenstein's views on the fluidity of language. He highlights that terms within the Conceptual Framework might not have a single, fixed meaning but rather take on different meanings based on how they are applied in the practice of financial reporting. In Dennis' work, we observe the evolution of definitions and their components even within a single language group. Consequently, it seems unrealistic to expect that different language groups and cultures will fully grasp, articulate, and implement a concept that was originally formulated within a unique linguistic and societal context. This becomes particularly evident in Alexander et al. (2018)'s study on the 'substance over form' principle and its diverse applications across countries with different legal backgrounds. The challenge is further intensified when attempting to adapt such a concept to another language, particularly in cases where there is no direct equivalent term or concept available for translation. Bridging these linguistic divides through translation is challenging, irrespective of the presence of a direct equivalent in the target language.

This translation process is more than just the literal conversion of words; it requires the effective conveyance of both the explicit meanings and the nuanced contexts that are intricately woven into the cultural and societal fabric of the source language. To further explain into this issue, the following chapter will explore translation studies, focusing particularly on the theory of equivalence. This exploration aims to shed light on the strategies employed to navigate socially constructed concepts that lack straightforward equivalents across different languages, thereby enhancing our understanding of the challenges involved in this process.

4.3. Equivalence Theories in Translation

Exploring the detailed equivalence theories in translation is key to understand its impact on the adoption and implementation of IFRS. Building on the exploration of language philosophy through Wittgenstein's and Searle's views as discussed in previous chapters, language is intricately linked with social practices and thus heavily dependent on context and culture. This understanding becomes particularly relevant in

the field of translation studies, especially when considering the task of the IASB and local bodies authorized to align national standards with IFRS. Given the cultural and linguistic diversity involved, there is a heightened risk of semantic loss or distortion in the process of translation. In this chapter, the concept of equivalence in translation studies and its role in ensuring accurate and culturally sensitive financial reporting across various regions are explained.

Equivalence in translation broadly refers to the process of achieving a balance between the source and target texts, wherein the translated output conveys the same meaning and impact as the original, despite the differences in language and cultural context. This concept is crucial for the accurate translation of complex financial terminologies and concepts inherent in IFRS. The discourse on equivalence in translation studies is enriched by the contributions of notable scholars such as Nida, Pym (1992, 1995), Chesterman (1996), and Kade (1968). Each of these figures offers a distinct perspective on the idea of equivalence, but for the purpose of this chapter, our focus will be primarily on the seminal work of Nida and Pym. Nida, as an early pioneer in translation studies, introduced theories on equivalence that continue to shape academic and practical discourse in translation. Pym, on the other hand, provides a chronological perspective on the evolution of the concept, offering a nuanced segmentation of the theory. As evidenced in accounting literature, their insights into equivalence are not only academically rigorous but also highly pertinent to the challenges faced in translating accounting standards. This focused examination of Nida and Pym's theories will lay the groundwork for understanding the complex translation challenges in accounting, which will be further explored in subsequent chapters.

Concept of Equivalence

Equivalence in translation theory is a controversial concept that has had a substantial impact on the field of translation literature. The effort to achieve some level of similarity between the source text and the target text has been recognized by a range of prominent scholars, including Jakobson (1959), Nida (1964), Catford (1965), Kade (1968), Newmark (1988), Baker (1992), and Pym (1992, 1995). These theorists have each uniquely defined and described equivalence, endorsing the notion that translations can attain a degree of similarity. However, this idea is not without its opposition. Critics like Snell-Hornby (1988) and Gentzler (2001) have openly

criticized the pursuit of equivalence, with Gentzler even suggesting that an overemphasis on this concept has impeded progress in the field.

Advocates of equivalence-based translation theories typically define equivalence as the relationship between a source text and a target text that allows the target text to be regarded as a translation of the source text. Essentially, the term equivalence assumes that a source text and its translation will hold the same value. Pym explains this concept with his well-known example concerning Friday the 13th (Pym, 2023, pp. 12–13).

In English-language cultures, Friday the 13th signifies an unlucky day. However, this superstition is not universal. For instance, in Chinese culture the number four is considered unlucky; while in Spanish culture, it is Tuesday the 13th. This cultural variability highlights a significant challenge in translation: Understanding and accurately conveying the cultural and contextual nuances of the source text. To effectively translate this concept into another language, such as Spanish, the translator must grasp the exact information contained in the source text. If the source text refers to an unlucky day, then its Spanish equivalent should be the culturally corresponding unlucky day, Tuesday the 13th (*martes y 13*). Conversely, if the source text simply denotes a calendar day, then *'Friday the 13th'* remains appropriate. Translation can thus preserve the same value in various aspects: It can be on a level of form (e.g., three words translated into three words); in reference (e.g., *'Friday'* consistently follows *'Thursday'*); or in function (e.g., the *'unlucky day'* function of the 13th corresponds to Friday in English and Tuesday in Spanish).

Theorists focused on equivalence in translation have primarily concentrated on classifying these levels of equivalence. Their work often highlights the form of equivalence, considering whether it occurs at the level of individual words, whole sentences, or the entire text (Baker, 1992). Additionally, they examine the type of meaning (denotative, connotative or pragmatic) that is presumed to be preserved in the translation process. Despite this focus, comprehensive analyses exploring the fundamental nature of equivalence, particularly how these various aspects interrelate and contribute to the overall translation process, remain scarce (Kenny, 2001).

Nida's Formal and Dynamic Equivalence

The discussion of equivalence in translation often involves the complexity of transforming concepts from one language and culture into another. American linguist and Bible scholar Eugene Nida is one of the pivotal figures in this field. He recognizes

that there are multiple ways to approach this task, and initially identified two primary types of equivalence: Formal equivalence and dynamic equivalence.

In Nida's view, formal equivalence involves replicating the form of the source language in the target language. This approach is akin to a literal translation. We can discuss his definition of formal equivalence with the example we discussed earlier. Translating 'martes y 13' from Spanish to English as 'Tuesday the 13th' will maintain the form of the original phrase.

Dynamic equivalence, on the other hand, focuses on reproducing the cultural function or effect of the original text in the target language. For instance, translating 'martes y 13' as 'Friday the 13th' in English captures the cultural connotation of bad luck associated with a specific day. Nida favored this approach as it made the Bible more accessible to various cultures by ensuring that the translation was natural and culturally relevant.

Nida, in his (1970) proposed a model (see Figure 3) to analyze the level of formal differences in translation, in order to answer "How far should a Bible translator go in adapting the message to the language and the culture of the receptors?" question (p. 105).

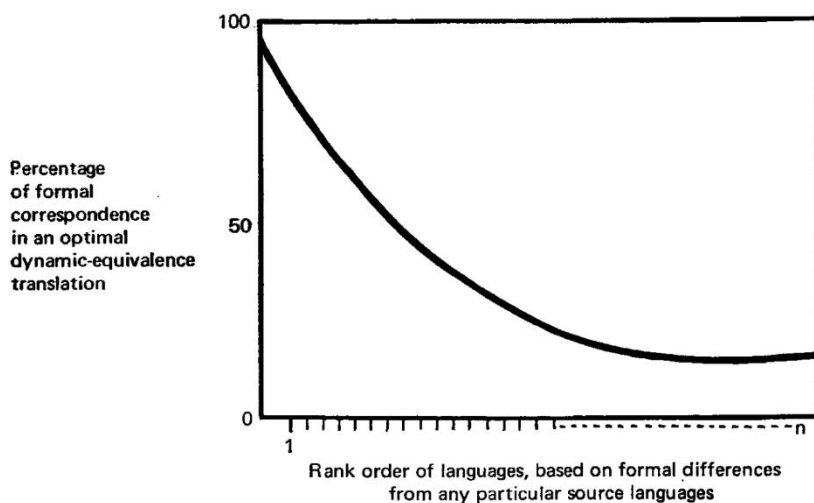


Figure 3. Formal Equivalence (Nida, 1970, p. 107)

The vertical dimension in Figure 3 assesses the extent of formal correspondence between the source text (source-language text) and the target text (receptor-language text). In an ideal scenario, the right balance of formal correspondence is achieved, while considering the linguistic differences between the source and target languages.

However, determining the precise amount of formal correspondence for a specific translation to be considered optimal is challenging and subjective.

The horizontal dimension of Nida's model involves creating a rank order of languages based on their formal characteristics, starting from the source language. This ranking would ideally arrange languages beginning with the one most formally similar to the source language and then proceeding to those increasingly dissimilar. For example, if English were the source language, the order might start with Frisian, then Dutch and so on, based on their formal proximity to English (p. 108).

In this model the curve indicates that as we move away from the source language, the degree of formal correspondence decreases sharply. For languages very dissimilar from the source language, the total amount of formal correspondence does not vary significantly, although the specific adjustments needed may be vastly different. Thus, the optimal dynamic equivalence for any language in this model is represented by a position along the curve. This position indicates that translations below this optimal line lack sufficient formal correspondence, while most translations tend to introduce more formal correspondence than is optimal.

The model also accounts for the complexity of applying a uniform scale to different literary forms like narrative, exposition, and poetry since each requires varying degrees of formal correspondence. While assigning numerical values to these features is not feasible, the hypothetical scale built on these dimensions provides valuable insights into translation challenges.

In essence, Nida's model provides a sophisticated tool for analyzing translations, offering a way to conceptualize the balance between staying true to the source language's form and adapting to the receptor language's structures and cultural nuances. This model acknowledges the complexity of translation as an activity that navigates between fidelity to the original and the naturalness of the receptor language.

Pym's Natural and Directional Equivalence

Pym (2014), a prominent figure in translation studies, categorizes the concept of equivalence in translation into two sub-paradigms: Natural and directional equivalence. This categorization forms what he calls the 'equivalence paradigm'.

Natural equivalence is the idea that an inherent correspondence between languages exists even before translation occurs. This form of equivalence relies on the existence

of equivalent terms in both source and target languages, identifiable through an external, third element of comparison (p. 18). This kind of equivalence is ideal but rare, occurring mainly in fields with precise, universally understood concepts. Here, artificially produced words correspond to each other in the same way, as is common in the natural sciences (Pym, 2014, pp. 28-29).

The concept of directional equivalence, in contrast, suggests that the connection between the source and target languages is asymmetrical, making it difficult for translators to find an exact match for terms. It arises from the active translation process and inherently invalidates the notion of back-translation (2014, pp. 24-27). Chesterman (1996, p. 159) adds to this by suggesting that equivalence should be viewed more as a similarity rather than sameness, recognizing its often nonreversible nature.

Unlike natural equivalence theories that focus on practical solutions, directional equivalence emphasizes various translation approaches, often categorized as 'free' or 'literal'. These approaches have been framed in different ways, such as Schleiermacher's (1813/1963) 'foreignizing' and 'domesticating' translations, and Nida's (1964) 'formal equivalence' and 'dynamic equivalence' (Pym, 2023, pp. 30–31).

In this paradigm, Eugene Nida's work, particularly his concepts of formal and dynamic equivalence, falls under the broader umbrella of directional equivalence (Nida, 1964; Pym, 1995, p. 158; Pym, 2007, p. 282). Nida's formal equivalence focuses on the correspondence of textual elements, aiming to preserve the source text's form as much as possible (Nida, 1964, pp. ix, 8, 120, 159). It emphasizes maintaining grammatical structures, word classes, and even punctuation from the original text (Nida, 1964, pp. 23, 133-134, 164-165).

Dynamic equivalence, conversely, prioritizes the receptor's response to the translation, focusing on the intended impact within the target culture (Nida, 1964, p. 159). This approach involves adapting the translation to ensure that it resonates with the target audience in a manner similar to the original text in its context. Nida emphasizes the importance of effect over form in achieving a meaningful and impactful translation (Nida, 1964, pp. 159-160, 166-167).

Pym (1992, p. 46) offers a critique of dynamic equivalence, pointing out its underlying

assumption of a corresponding relationship across various languages and cultures. Yet, the approach highlights the translator's role in producing translations that are not only linguistically but also culturally and contextually relevant. The debate between formal and dynamic equivalence highlights the complexities of translation, revealing it as an intricate balance between fidelity to the source text and adaptation to the target audience's cultural and contextual nuances (Nida, 1964, pp. 162–164).

While Pym (2014) acknowledges several examples of such dichotomies, he contends that the notion of only two translation methods is rooted in Western nationalism and assumes a cultural and linguistic boundary (Pym, 2023, pp. 24, 34). Ultimately, directional equivalence acknowledges multiple ways of achieving equivalence, albeit none as complete and symmetrical as natural equivalence assumes (Evans, 2018).

4.4. Literature Review

Similar to other forms of written communication, accounting standards can be seen as collections of meaningful symbols expressed in a particular language (Holthoff, Hoos and Weissenberger, 2015). Translation of accounting texts into different languages involves non-equivalence due to differences in the meaning of signs between the source and target languages, as well as differences in the order of signs. As noted by Baskerville and Evans (2011), even subtle shifts in meaning can occur during the translation process. Translation is not simply a mechanical process of copying words, but rather an act of interpretation involving the conversion of verbal symbols into a different language (Jakobson, 1959). Thus, a text in one language can never be entirely equivalent to a translated version in another language, as different languages are distinct sign systems that require consideration in the translation process (de Saussure, 1916/1983). Similar to other professional areas of expertise, accounting relies on a specific terminology (Mills, 1989) and it is essential to acquire the specialized terminology to comprehend and actively participate in the discourse within the discipline (Woodward-Kron, 2008).

A growing body of literature in accounting research views '*translation as a potential barrier to international accounting harmonization*' (Huerta, Petrides and Braun, 2013; Kettunen, 2017), and has focused on mainly three areas (Kettunen, 2017, p. 39): (i) problems that arise from translation of probability and uncertainty expressions in accounting standards and auditing standards, where the meaning associated with those

probability and uncertainty expressions differ among native individuals of the same language; (ii) incompatibilities of accounting concepts while translating them from English to a different language; and (iii) inaccuracies in IFRS translation.

This section discusses the approaches of translation of accounting regulations by various accounting scholars.

4.4.1. Uncertainty and Probability Expressions

The research on the translation and interpretation of uncertainty in accounting and auditing standards shows the difficulties in achieving consistent financial reporting across various cultures and languages. This is explored through several significant studies, each offering distinct perspectives on this matter.

Davidson and Chrisman (1994) studied bilingual accounting standards in Canada, which are published in English and French. Their study found significant differences in how Anglophone and Francophone accounting students interpret equivalent uncertainty expressions. This finding is important because it highlights the potential difficulties in maintaining consistent reporting practices when dealing with language differences. They found that probability expressions in English allow for a more precise interpretation than their French counterparts.

Building upon this, Douplik and Richter (2003) investigate the impact of language-culture and linguistic translation on interpreting verbal uncertainty expressions in IAS. They conceptualized the study on culture and linguistic relativism while trying to understand the understandability of uncertainty expressions on accounting professionals from two different language groups: US Certified Public Accountants and German-speaking Wirtschaftsprüfer (chartered or certified accountants). They used the Sapir-Whorf hypothesis of (p.19):

“the grammatical forms and categories provided by a language are thought to affect how participants of a given language interpret the world”

and found significant differences in interpretation across the two languages. They also added two additional German-language culture members, Austria and German-speaking Switzerland, to their study to address the differences in language culture

(countries who speak the same language). The results show that nationality alone does not result in significant differences. However, there are significant differences that exist between English and German. Thus, language-culture affects the interpretation of uncertainty expressions. Their findings raise whether IAS can be applied consistently across languages (p. 31).

Further emphasizing the role of culture and language, Douppnik and Riccio (2006) extend the exploration into how cultural values, particularly conservatism and secrecy, influence the interpretation of verbal probability expressions in accounting standards. Their study, which surveys accountants in Brazil and the US, finds evidence supporting the hypothesis that these cultural values affect interpretations, especially in recognizing income-increasing items and disclosure practices. Douppnik and Richter (2004) continue this line of inquiry, examining how national culture affects the interpretation of verbal probability expressions in accounting. Their findings indicate significant disparities between US and German accountants, with Germans tending towards a more conservative interpretation. This suggests that culture systematically influences the interpretation of verbal expressions in accounting standards.

Huerta, Petrides and Braun (2013) shifted the focus to Mexican professional accountants' translation of IFRS in Spanish. According to their research, translations of accounting-specific phrases are more consistent than translations of generic phrases, highlighting potential variations in accounting outcomes due to translation differences. Similarly, Holthoff, Hoos and Weissenberger (2015) examine the impact of language on decision-making within the context of IFRS. Their experiments with German students demonstrate that using IFRS in the participants' mother tongue positively influences the quality of decision-making, emphasizing the importance of language in understanding and applying financial standards.

Aharony and Dotan (2004) provide an empirical perspective on the interpretations of SFAS 5 disclosure guidelines for loss contingencies among managers, auditors, and financial statement users. Their study finds that financial analysts interpret these guidelines more conservatively than managers or auditors, highlighting discrepancies in interpretation that could lead to the omission of material but 'remote' loss contingencies from financial statements. Another study by Laswad and Mak (1997) focuses on New Zealand, exploring the interpretation of probability expressions by standard setters. Their findings indicate a lack of consensus among standard setters

about their interpretations, suggesting potential redundancy in expressions and challenges in assigning numerical probability levels.

Lastly, Simon (2002) surveys financial directors and auditors in the UK regarding their interpretation of various probability expressions used in accounting. The study finds that while many expressions are understood similarly, several have low communication efficiency, suggesting a need for reassessment to ensure clarity and consistency in financial reporting.

4.4.2. Challenges in Translating Accounting Concepts

Early research examined the translation of accounting terms that had been introduced into the lives of many nations through EU directives, which aimed to harmonize accounting. One of the first studies was by Walton (1993), who reviewed the ‘true and fair view’ (TFV) in British accounting, discussing its operational and political significance. Walton emphasizes the challenges of transferring the concept of TFV into the European context, suggesting that harmonization requires more than just word-for-word translation. In more comprehensive research with adding additional languages, Aisbitt and Nobes (2001) discuss the application of the Fourth and Seventh Directives to Austria, Finland, Norway, and Sweden, focusing on language version discrepancies and deviations from the Directive through analyzing TFV. They found that different countries have different approaches to implementing the Fourth Directive. For instance, Norway’s law uses ‘good accounting practice’ instead of the ‘TFV’ terminology, while Finland’s law has different wording for ‘right and sufficient information’ in its Finnish and Swedish versions. Austria’s law deviates from the German Directive but does not align with German law. Also, none of the laws permits directors to use their discretion to create a TFV, except for Finland’s law, which allows government-specified departures yet to be defined. On the other hand, Norway’s law already incorporates specific departures from the Fourth Directive. These differences highlight the potential for variations in the interpretation and application of the Directive in different jurisdictions.

Kosmala-MacLulich (2003) addresses the concept of TFV within the context of European harmonization, particularly in Poland. The study reveals that in Poland’s transitional economy, TFV is perceived more as a formal legal compliance rather than as a substantive rationale, suggesting that the understanding of TFV is contingent on

specific socio-economic, historical, and cultural contexts. Continuing this theme, in later research, Kosmala (2005) discusses the harmonization processes within the European market and their impact on Polish accounting. Despite regulatory changes to support the TFV concept, there remains a lack of consensus in its translation and construction in Poland, pointing to a general unfamiliarity with the concept's substance. She used a questionnaire where they cited many simultaneous translations and grammatical constructions to understand the interpretation of the Polish 'true and fair view' concept. The respondents were asked to provide the most appropriate translation for the concept. The question referred specifically to a two-word construct, yet some respondents referred only to a single-word grammatical equivalent grammatical construction. The results demonstrate how Polish practitioners interpret the Polish translation of 'true and fair view' differently than the British understanding, which is the construction basis of the context. It has been concluded that the Polish equivalent of 'true and fair view' cannot be understood outside the localized Central and Eastern European reality.

In parallel, Evans (2003) examines the *'fair presentation'* requirement and its override in International Accounting Standard 1, discussing its weaker status compared to the *'true and fair view'* (TFV) override in the EU's Fourth Directive and the UK's Companies Act. Evans suggests a narrow interpretation of this override, highlighting its role as a legal residual clause. In a further study, Evans (2004) addresses the risks of misunderstandings in accounting communication due to mistranslations of technical terms, especially when translated into other languages. She studies the translation of *'true and fair view'* and *'prudence'* concepts from German to English and vice versa. It has been concluded that translations are problematic since these concepts already have a specific meaning in each language. This study emphasizes the potential detrimental impact of inappropriate labeling in the translation of accounting terminology on international accounting communication.

Continuing the TFV theme, Kirk (2006) explores perception gaps among New Zealand's financial directors, auditors, and shareholders regarding financial reporting standards like *'true and fair view'*, *'present fairly'*, and *'fair presentation'*. The survey results indicate varying perceptions, suggesting a gap between the survey respondents and the professional understanding of these terms by the New Zealand Institute of Chartered Accountants. Nobes (2009) contrasts the *'present fairly'* requirement in

IFRS with the TFV requirement, arguing that this PF requirement and its use as an override in IFRS differs significantly from TFV. Nobes critically examines the regulatory positions and practical applications, especially in the context of UK companies. Albu, Albu and Alexander (2014) discuss the transfer of the TFV concept in Romania post-communism. Their findings reveal varied perceptions of TFV among different actor categories in Romania, suggesting challenges in ensuring consistent application of this concept in line with its original meaning.

There is also research on the translation of other particular terminology such as '*asset*' (Parker, 1994, p. 79), '*material*' (Baskerville and Evans, 2011, p. 45), '*substance over form*' (Alexander et al., 2018), '*impaired*' (Dahlgren and Nilsson, 2012), '*impairment*' (Nobes and Stadler, 2018), '*goodwill*' (Nobes, 2021), and '*realised*' (Nobes, 2023).

Parker (1994) surveys the development of accounting terminology in English-speaking contexts, highlighting the evolution of terms and the influence of law and economics on accounting terminology. The study observes how specific words have been used to enhance the professional prestige of accountants. Alexander et al. (2018) explore the variation in accounting practices across countries influenced by legal and cultural backgrounds and the challenges of harmonization. Using the principle of 'substance over form' as an example, the study shows how different wordings in national laws and interpretations of similar wordings can be understood through the philosophy of language. The paper finds that legal and cultural backgrounds affect the wording of national laws, and these different socially constructed realities resist attempts at harmonized accounting regulations. (Dahlgren and Nilsson, 2012) focuses on the translation of IFRSs into different languages within the EU, using the translation of 'impaired' into Swedish with '*nedskrivningsbar*' ('*possible to write down*') a case study (p. 57). Nobes and Stadler (2018) examine the translation of 'impairment' in the context of IFRS, specifically IAS 36, into 19 languages. Their findings reveal discrepancies in conveying the concept of asset damage and suggest that translators of regulations and annual reports should aim for accuracy and consistency with original terminology. In parallel with their analysis of accounting concepts, Nobes (2021) discusses the translation of the term '*goodwill*' and related terms like depreciation, amortization, and impairment. The paper highlights the translation challenges due to different types of goodwill in English, which may not have direct equivalents in other languages. It reviews the difficulties in biblical translations of '*goodwill*'. Then, it

examines how the term is used in various languages in accounting, noting the specific issues in translating IFRS. The paper suggests that accounting terms need clear definitions and consideration of potential translation problems. In a further study, Nobes (2023) focuses on using the term *'realised'* in IFRS, which appears frequently but is not defined, leading to various interpretations. The study reveals that translations of *'realised'* in IFRS often use cognate words, but there are inconsistencies in how it is used across jurisdictions. The paper suggests removing the term from IFRS to enhance clarity, especially in jurisdictions like the UK, where *'realised'* has legal implications for dividend payments.

In more general terms, Baskerville and Evans (2011) raised the question of whether translation of IFRS is possible. They found it possible, but direct equivalence cannot be achieved since different language families have different language structures. For accounting professionals, faux amis (words in different languages that look similar or identical but have different meanings) and non-equivalent translations are nightmares (p.40). For example, the French *'matériel'* or the Swedish *'materiell'* are too physical to convey the English *'material'* term (p.45). In a recent study by Laaksonen (2021), it has been stated that since the English language has a dominant position and the canonical role of Anglo-American accounting, IFRS is embedded in the current linguistic and cultural hegemonies. They used Finnish IFRS translations under a critical theoretical conceptualization. They found that (p.1):

“translation in accounting is not a technical exercise but can entail linguistic and cultural conflicts between dominant and marginal(ized) concepts, traditions and values”

Investigating the Finnish translation of IFRS (Kettunen, 2017) provides insight into the practical problems of linguistic equivalence and the institutional work required to maintain the IFRS as a global institution. She expressed IFRS translation aims to achieve an *'acceptable linguistic equivalence'* where the term *'acceptance'* emphasizes the incomplete nature of equivalence in IFRS translations (p.40). The study highlights the constructed nature of linguistic equivalence between IFRS and their translations, emphasizing the complex institutional interactions and practices

supporting transnational regulation. It identifies discrepancies between the translation policies of the EU and the IFRS Foundation.

In summary, this literature review highlights that people can perceive and interpret language differently, even within the same language group. These differences become more evident when translation is involved. For example, a financial term may have a particular meaning in one cultural or linguistic context but may not have an exact equivalent in another language. This difference can lead to misunderstandings or misinterpretations when accounting information is translated from one language to another. The concept of TFV is an example. When such culture-specific concepts are translated, the original meaning can shift significantly, leading to misunderstandings or adopting a concept that doesn't align with the original intent.



CHAPTER 5: METHODOLOGY AND RESEARCH FINDINGS

This chapter explains the research problems, gaps, aim, and scope of the study. Then, research methods are discussed by revealing data collection, sampling, participant information, and data analysis. And lastly, the findings of focus group study and in-depth interviews are presented and discussed.

5.1. Problem Definition and Research Gap

The adoption of IFRS in countries with rule-based accounting systems poses complex challenges for harmonizing international accounting standards. This research aims to investigate the challenges of IFRS adoption, focusing specifically on translation issues.

In detailing the background, in Chapters 1 and 2, the research examined the historical development of capital markets and financial reporting standards across diverse regions, including the US, Europe, and Türkiye. Each region offers a unique timeline and distinct accounting culture and policy. The US operates within a rule-based system, while Europe, largely influenced by the UK, adopts a principle-based approach. Türkiye, traditionally oriented towards tax-focused, rule-based accounting, presents a particularly interesting case study in this transition. Drawing connections between these varied backgrounds sets the stage for understanding the specific challenges that Türkiye might face in aligning with IFRS.

This study emphasizes the crucial role of translation in international accounting harmonization. Translation significantly influences multilingual corporate reporting, the dissemination of international reporting frameworks, and the conduct and reporting of research (Kettunen, 2017; Kamla and Komori, 2018; Nobes and Stadler, 2018; Andrew, Cooper and Gendron, 2020). Despite its complex societal, political, and cultural implications, it is often treated as a technical aspect in accounting research (Lefevre, 2002; Tymoczko, 2009; Robinson, 2014; Evans, 2018). This study aims to bridge this gap, advocating for a more holistic understanding of translation that encompasses these broader dimensions and ethical considerations (Evans, 2018; Evans and Kamla, 2018).

Furthermore, the research acknowledges the dynamic nature of accounting as a social science that must rapidly adapt to evolving societal and professional conditions. This adaptability is particularly relevant in the context of globalization, which has

intensified cross-border trade and led to the integration of monetary and capital markets. Such global shifts highlight the urgent need for international accounting and the harmonization of national accounting systems. However, despite these developments, the specific challenges associated with transitioning from a rule-based to a principle-based accounting culture, especially those pertaining to translation, remain underexplored. This research aims to fill this gap by identifying and understanding these challenges.

5.2. Methodology of the Research

This research used a two-step qualitative research method designed specifically for the research question. Purposeful sampling was necessary because only a select group of participants had the necessary knowledge and experience to answer the research question. Therefore, the research began with a focus group study to gather collective insights and perspectives. This was followed by semi-structured, in-depth interviews to explore further the questions raised in the focus group session.

Qualitative research is a crucial instrument across various fields that yields vital insights into organizational actions, events, processes, and structures. Llewelyn (2003) emphasizes the significant role of qualitative study in conceptual framing within accounting research. This approach facilitates the exploration of diverse questions beyond mere database coverage or the economics of agency problems, as highlighted by de Villiers, Dumay and Maroun (2019). Since the early 1970s, the academic community, particularly in management accounting, has increasingly recognized the importance of qualitative methods, which have been shown to contribute significantly to the field (Laughlin, 1995; Grafton, Lillis and Mahama, 2011).

In the field of accounting, qualitative methods are indispensable for comprehending the origins and roles of accounting in specific historical, social, and organizational contexts (Sauerbronn, 2018). Jakobsen et al. (2019, p. 519) note the vital role of qualitative research in exploring the impact of accounting on human behavior, the interpretation of accounting information, and the broader social belief and power systems that govern organizational actors. This understanding is crucial for enhancing organizational efficiency and manageability.

Moreover, qualitative research in accounting offers structured approaches and analytical techniques that build upon existing theory and literature. Cohanier (2014)

illustrates this through its application in understanding performance management systems and financial measure reliance within companies. Humphrey (2014) further adds that this approach inspires theoretical development, bolsters trust in researcher judgment, and encourages more intellectually rewarding qualitative research methods.

Qualitative research also has a defined role within the epistemology of positivist research. Lillis (2008) discusses its effectiveness as a functionalist technology in generating rich accounts of management accounting. Potter (2005) highlights its potential to enrich our understanding of accounting change by drawing on social and institutional practices. This contributes to a broader comprehension of the complex processes through which changes in the accounting domain occur.

Sıgır (2021, p. 67) explains that qualitative research seeks to understand social actors' perspectives on their experiences and interactions in their world. This aligns with Ospina's (2004) view of the advantages of qualitative methods in discovering new phenomena, filling gaps left by quantitative research. Qualitative research also challenges narrow perspectives, offering a more in-depth look at social phenomena from the actors' point of view.

Qualitative research is integral to a comprehensive understanding of organizational phenomena, human behavior, and the social and historical context of accounting. It provides a structured approach to exploring a wide range of questions and has the potential to inspire theoretical development and enhance trust in researcher judgment. Qualitative research enriches our understanding of complex social phenomena and contributes significantly to developing knowledge in various fields by focusing on the human element and societal context.

5.2.1. Focus Group Studies

As a form of qualitative research, focus group studies are unique in their ability to use group dynamics to gather comprehensive and detailed data. Focus groups allow participants to share their thoughts, emotions, and viewpoints in a detailed and nuanced manner, providing valuable information. This is particularly useful when investigating complex issues since it allows researchers to understand human perspectives beyond surface-level responses. Morgan (1997) explains that a deeper understanding of information allows researchers to explore the complex layers of human perspectives.

Krueger and Casey (2014) highlight the unique and interactive nature of focus groups.

Participants in these groups are encouraged to collaborate and build upon each other's ideas, leading to the emergence of new perspectives and insights. This interaction is both additive and synergistic and can reveal insights that might remain hidden in individual interviews. Such dynamics are crucial for exploring the 'why' behind certain opinions or behaviors, providing a rich contextual understanding that is essential for comprehensive qualitative analysis.

According to Stewart, Shamdasani and Rook (2007), focus groups provide great flexibility. They can be customized to suit various topics and fields, making them a versatile tool for exploratory studies without fully developed hypotheses. This versatility also extends to the group composition, which can be adjusted based on specific demographic or experiential criteria relevant to the research question.

Liamputtong (2011) points out that participants often feel comfortable in focus group settings, making it easier for them to express their thoughts and feelings, especially when their peers agree or disagree with their opinions. This comfortable setting can result in more open and honest discussions, providing researchers with unfiltered and truthful insights.

In addition, focus groups have the advantage of being efficient. Greenbaum (1998) notes that focus groups can collect a broad range of opinions in a shorter time frame than individual interviews. This efficiency makes focus groups attractive to researchers who want to gather diverse viewpoints without investing much time in multiple one-on-one interviews.

5.2.2. Semi-structured Interviews

Semi-structured interviews represent a key qualitative data collection method that combines the depth and flexibility of unstructured interviews with the organization of structured ones. Gürbüz and Şahin (2018) describe that interviews aim to understand people and associated situations through verbal communication. Silverman (2005) highlights that interviews are instrumental when detailed information is needed or little is known about the researched phenomenon.

Semi-structured interviews, as outlined by Minichiello et al. (1992) and Savin-Baden and Major (2013), involve a mix of pre-prepared questions and the flexibility to ask additional questions based on participant responses. This format does not require adhering to a strict sequence of questions, making it ideal for researchers with only

one opportunity to interview a participant. The strength of semi-structured interviews is their ability to elicit comprehensive answers within a limited timeframe while keeping the interaction focused. However, a potential drawback is that they might not always capture the participants' original perspectives.

In the context of accounting research, semi-structured interviews have proven to be valuable. Kallio et al. (2016) note their versatility and flexibility, which are crucial for exploring complex subjects. Tavares (2021) adds that they involve open-ended questions that allow for a conversational approach while ensuring that specific topics are covered. This approach is beneficial for gaining deeper insights into various aspects of accounting, as seen in the work of Buckmaster (2018) and Whiting (2008), who used semi-structured interviews to understand perspectives on budgets and work/family strategies, respectively. Mitter and Hiebl (2017) utilized this method to explore the role of management accounting in international entrepreneurship, and Dambrin and Lambert (2008) employed it to investigate the challenges faced by auditor mothers. Wang (2017) applied semi-structured interviews to probe principals' perceptions of accountability mandates in the context of social justice and accountability reform.

In summary, semi-structured interviews are vital in accounting research because they facilitate in-depth exploration of various topics. They offer a flexible yet systematic approach to gathering insights and perspectives from interviewees, making them a valuable tool for qualitative research in accounting.

5.2.3. Population and Sampling

Population and sampling are crucial in qualitative research, particularly in studies where the aim is not to generalize findings to a larger population but to gain a deep understanding of a specific, often niche, phenomenon. This approach aligns with Subedi's (2021) assertion that the primary purpose of qualitative methods is to provide an in-depth understanding rather than to generalize findings broadly.

The design of qualitative sampling aims to confirm consensus and identify systematic variation within the population, thereby contributing to a nuanced understanding of the studied phenomenon (Trotter, 2012). Gibbs et al. (2007) further underline the significance of sampling and data collection processes in qualitative research, as they are fundamental in generating robust evidence and informing decisions. This emphasis

highlights the critical role of careful participant selection in ensuring the validity and reliability of qualitative findings.

Purposeful sampling is a fundamental method in qualitative research, especially in accounting, because it strategically focuses on selecting participants who can provide the most informative insights for the research questions (Serhan and Hajj, 2019). Unlike probability sampling, which relies on randomness, purposeful sampling involves choosing participants based on their unique perspectives and experiences, which are crucial for in-depth understanding (Sandelowski, 1995). In accounting research, this allows for targeting individuals with specialized expertise or experiences directly relevant to financial performance and auditing, ensuring that the data collected is rich and pertinent (Serhan and Hajj, 2019).

The significance of purposeful sampling lies in its ability to ensure that the selected participants can offer diverse and detailed insights related to the research topic, thereby facilitating the collection of nuanced data essential for comprehensive analysis (Suri, 2011). Furthermore Coyne (1997) notes that purposeful sampling is particularly effective in qualitative research for ensuring that participants have the specific knowledge and characteristics to understand the phenomenon under investigation. This ability to capture various experiences and viewpoints makes it invaluable for a rich and well-rounded understanding of complex accounting issues.

The population of this research covers professionals in accounting, auditing, and academia. The research employs a two-stepped research methodology to investigate the challenges of IFRS adoption in a previously rule-based country within the concept of translation issues. Initially, a focus group consisted of 5 members as recommended by Nyamathi and Shuler (1990) and Kitzinger (1995) conducted. The selection of participants through purposeful sampling was guided by two key criteria: Active engagement in financial reporting standards and proficiency in English. The aim was to gather diverse viewpoints, ensuring a comprehensive exploration of the subject matter.

The focus group comprised mid to high-level professionals from auditing, accounting, and academia, ensuring a well-rounded perspective. Building on this, a series of semi-structured, in-depth interviews were carried out. These interviews reiterated the questions posed in the focus group, allowing for further probing and clarification by

the researcher. Detailed information on the sample of the interviews is presented in Table 4.

Table 4. Focus Group Participants

Participant	Position	City	CPA	Experience	AuditExperience	Education
Participant 1	Preparer	Ankara	Yes	9 years	6 years	Master
Participant 2	Auditor	İzmir	Yes	22 years	22 years	Bachelor
Participant 3	Preparer	İzmir	Yes	21 years	7 years	Bachelor
Participant 4	Academic	İzmir	No	36 years	-	Ph.D.
Participant 5	Academic	İzmir	No	16 years	-	Ph.D.

Table 5. In-depth Interview Participants

Participant	Position	City	CPA	Experience	Audit Experience	Education
Participant 6	Preparer	İzmir	Yes	20 years	6 years	Bachelor
Participant 7	Preparer	İstanbul	Yes	9 years	3 years	Bachelor
Participant 8	Preparer	İstanbul	Yes	26 years	6 years	Master
Participant 9	Preparer	İstanbul	Yes	9 years	3 years	Master
Participant 10	Preparer	İzmir	Yes	6 years	3 years	Bachelor
Participant 11	Auditor	İzmir	No	2 years	2 years	Bachelor
Participant 12	Auditor	İzmir	No	2 years	2 years	Bachelor
Participant 13	Auditor	İzmir	Yes	12 years	11 years	Master
Participant 14	Academic	İzmir	Yes	15 years	-	Ph.D.
Participant 15	Auditor	İstanbul	Yes	16 years	12.5 years	Master
Participant 16	Auditor	İstanbul	No	16 years	-	Bachelor

5.2.4. Data Collection Process

As previously discussed, this research's primary data collection methods are focus groups and semi-structured interviews. The focus group method was selected to capture the interactive dynamics among individuals from various professional spheres. This approach was particularly beneficial in gathering diverse perspectives from sectors like auditing, accounting, and academia. Participants were encouraged to express their views openly, engage in discussions, and present their unique insights and critiques. Such an environment was crucial for understanding the range of opinions and experiences related to the subject matter.

Following the focus groups, semi-structured interviews were conducted in this research to explore individual experiences and opinions. This interview style is beneficial as it allows participants to go beyond the predetermined questions whenever necessary to gain a more comprehensive understanding of the subject (Berg, 2006). This approach was particularly relevant for this research as it enabled participants to discuss their experiences and perspectives on financial reporting standards without any constraints. They were free to express their thoughts, criticisms, and suggestions without feeling pressure to conform to group dynamics, thus providing richer and more nuanced data.

The interviews were centered on six key questions, focusing on how financial reporting standards are practically used in Türkiye. As mentioned earlier, the TFRS aligns with the IFRS, which has been translated into Turkish for local use. The first question aimed to determine participants' language preferences when applying these standards in their work. Subsequently, other questions were asked to identify challenges and discrepancies arising from the translation and understand how they can affect the quality and integrity of financial reporting. Furthermore, ethical or legal challenges from these translations were also explored, and suggestions were sought on improving the translation process to enhance the overall quality of financial reporting. Finally, the last question aimed to understand how stakeholders could actively contribute to refining the translations.

The focus group discussions took place on the 11th of October, 2023, while the individual interviews were scheduled between the 15th and 30th of the same month. All sessions were conducted online to accommodate the participants' geographic diversity

and busy schedules. This method also allowed the inclusion of a broader range of participants, particularly those working in major cities like Izmir and Istanbul.

5.3.5. Data Analysis Technique

This research uses grounded theory to explore the complexities of IFRS adoption in Türkiye, transitioning from rule-based to principle-based accounting. The focus of this research is on the crucial role of translation, not just in a linguistic sense, but as a more expansive process of cultural and operational adaptation.

Grounded theory is a qualitative research method that emphasizes the development of theories based on empirical data. It is recognized for its ability to offer a comprehensive examination of a subject matter from multiple angles, enabling the development of in-depth explanations. It effectively provides comprehensive insights into a subject matter, particularly in discovering fundamental processes and mechanisms within a culture (Corbin and Strauss, 2015, p. 32). This involves thoroughly analyzing the attributes and aspects of different categories within the data. A critical component of grounded theory is identifying associations among these subcategories and integrating them into a ‘core category’ using a ‘constant comparative approach’.

The constant comparative approach is a complex and iterative process involving four interconnected stages: (1) comparing incidents applicable to each category, (2) integrating categories and their properties, (3) delimiting the theory, and (4) writing the theory. This method is continuous, with each stage progressively evolving into the next while earlier stages play a role in the analysis until its completion (Glaser and Strauss, 1967, pp. 105-113).

1. Comparing Incidents Applicable to Each Category: The initial stage involves coding each data incident into as many categories as possible. Researchers focus on assigning common meanings to these data observations, forming conceptual categories. This is done by carefully examining and comparing data incidents from various sources, such as observations, interviews, or archival materials. The coding process tracks the comparison group where the incident occurs. This comparison generates theoretical properties of the category, which aids in conceptualizing its entire range, dimensions, conditions, consequences, and relationships to other categories.

2. Integrating Categories and Their Properties: As the analysis progresses, the

focus shifts to further developing and organizing conceptual categories. Researchers compare new data incidents to these categories, identifying their properties or dimensions. This stage involves integrating various conceptual elements and clarifying relationships between categories, forming a theoretical framework. It also includes memoing, which is crucial for documenting and developing ideas and theoretical reflections.

3. Delimiting the Theory: This step involves narrowing the research focus and committing to a specific narrative. It includes finalizing the theoretical framework influenced by the developed categories and their relationships. Categories become theoretically saturated when additional data no longer contributes new insights, indicating a point of conceptual reduction. This stage is critical for focusing on relevant categories and determining the story researchers wish to tell based on their findings.

4. Writing the Theory: The final step involves transforming the work into a research article or monograph. Memos written earlier contribute to the theoretical material for publication. The theory is developed by constantly comparing categories and their interconnections, forming the focal points of the research output. This phase may also include formulating these connections as propositions for future analysis.

The ‘constant comparative method’ is a dynamic, non-linear process integral to grounded theory. It emphasizes the emergent nature of theory development, where categories and their meanings are continually refined through engagement with the data. This process involves continuous comparison, category integration, theory delimitation, and writing a coherent grounded theory.

Initially conceptualized by Glaser and Strauss (1967), grounded theory has undergone several adaptations. Different viewpoints on conducting grounded theory research have resulted in three main approaches (Hood, 2007): The emerging design associated with Glaser (1992), the systematic procedure linked to Strauss and Corbin (1998) and Corbin and Strauss (2008), and the constructivist approach advocated by Charmaz (1990, 2000, 2006).

This research adopts the systematic pattern of grounded theory, as described by Strauss and Corbin (2010) and later touched on in 2015. The implementation of the systematic procedure followed Corbin and Strauss’s guidelines, complemented by Creswell’s (2014) eight recommended steps, as detailed in the Table 6 (pp. 466-468).

Table 6. Recommended steps to follow to conduct a grounded theory study

<p>Decide if a grounded theory design best addresses the research problem</p>	<p>Grounded theory is particularly effective when the goal is to develop or modify a theory or to explain a process. If the research aims to uncover underlying patterns or to construct a theoretical framework that explains how certain phenomena occur, grounded theory is a suitable choice.</p>
<p>Identify a tentative process to research</p>	<p>Generally, it is important to have an initial understanding of the process under examination. This preliminary concept may change during the research, but having a basic understanding at the beginning is crucial. This research identified the process as “What challenges do professionals face when adopting IFRS in a previously rule-based country, particularly in terms of translation issues?”</p>
<p>Seek approval and access</p>	<p>Participants must be informed about the research’s purpose, process, and scope. Additionally, they should know that their confidentiality and privacy regarding audio recordings and information will be protected.</p>
<p>Conduct theoretical sampling</p>	<p>Collect data from individuals who can answer the research problem and stop gathering data when it becomes saturated.</p>

Table 7 (Continued). Recommended steps to follow to conduct a grounded theory study

Code the data	Coding data begins at the start of the data collection process. It starts with open coding and then strengthens the relationship between categories with axial coding techniques.
Use selective coding and develop the theory	The research theory is built by connecting the identified categories with a 'core category'.
Validate your theory	Compare the data with emerging categories, ask questions about how these categories relate, and check for evidence and events in the data. The theory is cross-checked with existing knowledge in the field.
Write a grounded theory research report	Conclude with the presentation of the theory developed by the researcher.

Grounded theory is particularly well-suited for this research due to its iterative, inductive nature that allows for a deep contextual comprehension of the subjective experiences of accounting professionals. The research intends to reveal the fundamental patterns, perceptions, and strategies utilized by these individuals. Grounded theory will help establish a comprehensive theoretical framework that captures the essence of the transition process. This approach will enable the research to move beyond a mere description, offering insightful and grounded explanations for how and why specific challenges arise and what strategies are most effective in addressing them within the unique Turkish context.

The focus group session began with a detailed introduction that set the context of the research, followed by reading the participant information statement and establishing

ground rules. The focus group is not moderated by the researcher but by a skilled professor in qualitative methods. Participants were encouraged to actively contribute, with the assurance that their inputs would be valued and documented. In line with Kitzinger's guidelines (1995), the moderator ensured balanced participation while maintaining natural group dynamics.

Consent was obtained from all participants for recording the sessions. The focus group lasted 70 minutes and 26 seconds, while the interviews spanned a total of 358 minutes and 6 seconds, with individual durations ranging from approximately 13 to 54 minutes. The data analysis was grounded in grounded theory, as described by Corbin and Strauss (2015), involving several stages:

- Reviewing relevant literature before analysis.
- Developing semi-structured questions.
- Integrating simultaneous data collection and analysis.
- Focusing on theory development rather than population representation.
- Employing open coding, axial coding, and selective coding.

The data gathered from the focus group discussions and interview transcripts were meticulously analyzed using MaxQDA software, employing a multi-faceted approach that included familiarization, reflection, open coding, axial coding, and selective coding. This process was instrumental in identifying emergent themes. The researcher conducted the transcriptions with great attention to detail immediately following each session, ensuring that all discussions were accurately captured in written form.

Given that the focus group discussions and interviews were conducted in Turkish, the native language of the participants, the transcriptions were subsequently translated into English. To ensure the accuracy and authenticity of the translations, they were reviewed by a notarized translator. This translator holds a bachelor's degree in English Translation and Interpreting, a Master of Business Administration (MBA), and seven years of experience in the field. The MBA qualification is particularly pertinent, as it provides the translator with comprehensive knowledge of the specific terminology used in financial accounting and financial statement analysis, which are crucial in this context.

Following the translation, the researcher engaged in repeated readings of the printed

raw data. This practice was aimed at deepening the researcher's understanding of the content and context, thereby enhancing the overall quality and rigor of the analysis. This meticulous approach ensured linguistic accuracy and preserved the nuanced meanings conveyed in the original language, thereby maintaining the integrity of the data.

The open coding stage involved detailed line-by-line analysis of each transcript, using MaxQDA tools to identify and label key concepts and expressions. Axial coding then connected these fragmented pieces of data into coherent themes and sub-themes. Finally, the data was synthesized in the selective coding phase, with irrelevant codes being discarded to crystallize the core categories.

In the following chapter, the findings of the focus group study will be discussed, followed by an in-depth analysis of the interview findings.

5.3. Research Findings

In this section of the research, the findings from the focus group will be presented first, followed by the insights obtained from the in-depth interviews. The reporting of the findings aims to reveal participants' personal experiences and perceptions by including their direct expressions. However, along with the participants' statements, the meanings of these statements are explained in conjunction with the researcher's interpretations. Adhering to ethical considerations in scientific research, each participant was assigned numbers for reporting instead of their real names.

5.3.1. Focus Group Findings

Analysis of the focus group discussions provides a comprehensive understanding of the challenges faced in adopting IFRS in Türkiye, a country transitioning from a rule-based to a principle-based accounting system. The research question focuses on investigating these challenges, particularly within the context of translation issues. However, the analysis indicated that translation challenges, despite being itself also an adoption and implementation challenge, inherently intertwined with them. Therefore, the findings are broadly categorized under 'Translation-Related Challenges' to emphasize their importance and 'Adoption and Implementation Challenges' to collectively address the current issues. The thematic map of the focus group study can be seen in Figure 4.

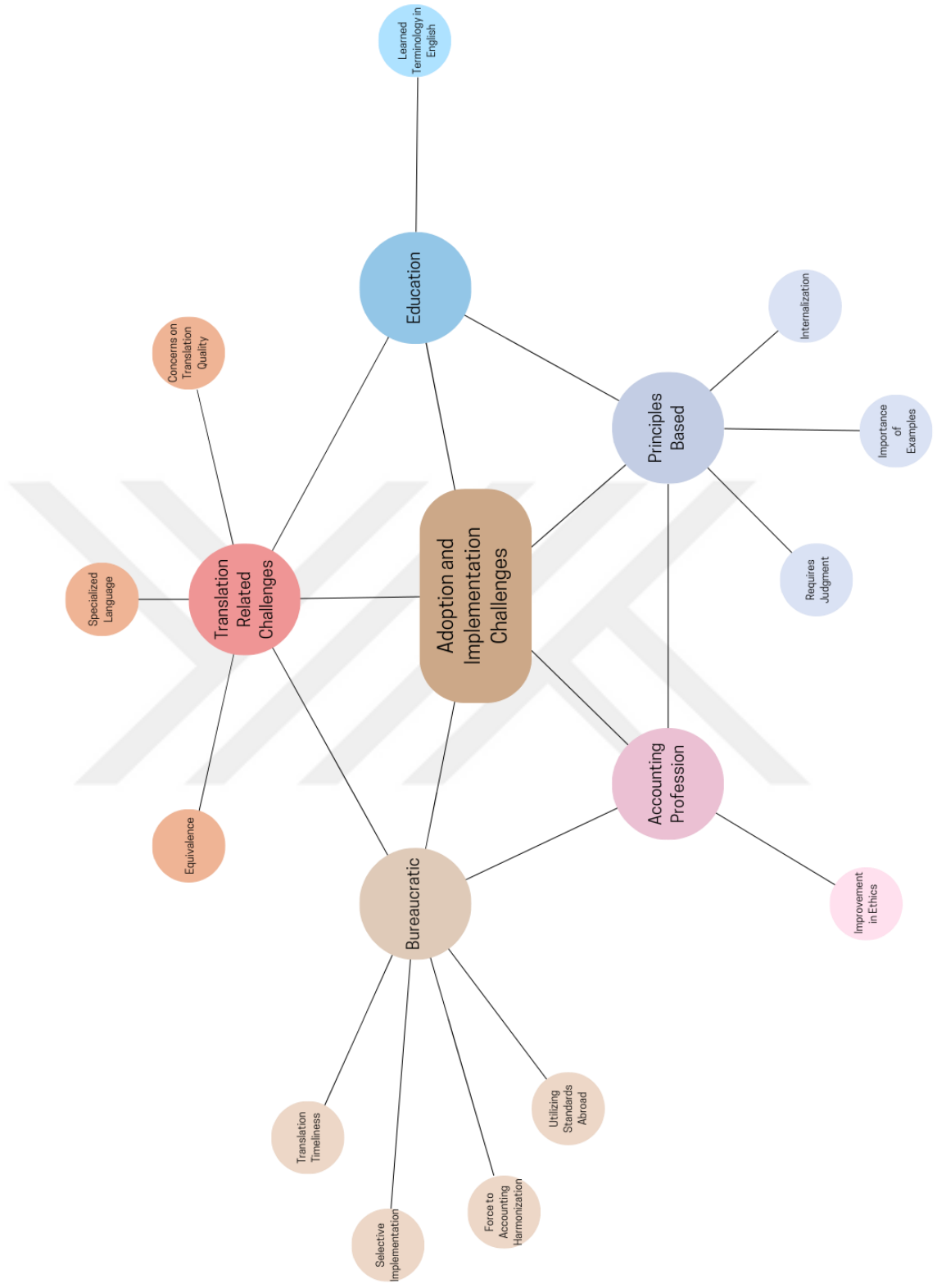


Figure 4. Thematic map of the focus group study

5.3.1.1. Standard Preferences

Exploring language preference in financial reporting standards reveals insightful perspectives among professionals regarding their choice of language when applying these standards in their professional practice. This section of the analysis explores the reasons and preferences behind selecting English or Turkish texts for financial reporting, auditing, and academic research based on responses from focus group participants.

Participant 4 demonstrates a preference for beginning with English texts, driven by an academic and research-oriented perspective. Her approach is characterized by a curiosity driven comparison with Turkish translations, as she states:

“I start with English, then out of curiosity, I look at the Turkish translation to see what it says. Because I am doing research, not an implementer. I just want to be able to follow it better when I look at it for consultation or something.” (Focus Group, Paragraph 3, Participant 4)

Participant 3, who is on the preparer side of the financial statements, shows a clear preference for English texts while focusing on the comprehensiveness and clarity of English publications. He suggests that English publications make it easier to understand the intended meaning, indicating that he finds the content more straightforward in English.

“I also look at the English texts. We rarely look at the Turkish ones. Generally, English publications are more comprehensive. We can follow what is intended to be expressed more easily there.” (Focus Group, Paragraph 5, Participant 3)

Participant 1 discusses the challenges and strategies in financial reporting and auditing, particularly when dealing with differences between international standards and local practices in Türkiye. She emphasizes the importance of following the TFRS, the POAAB translation of IFRS, in Türkiye and reflects a necessity to balance the use of English and Turkish texts.

“When we were conducting audits, we have mostly progressed more with English. But unfortunately, there are often differences between

Türkiye and the international practice. That's why we always follow the POAAB. (Focus Group, Paragraph 8, Participant 1)

Participant 2 builds upon these viewpoints by discussing the practical application of English versus Turkish in understanding ‘the essence and the spirit’ of financial texts and regulations. Aligning with Participant 1’s approach but also echoing Participant 3’s emphasis on clarity, they remark:

“Honestly, I can say for myself that, of course, English is more useful in terms of understanding the essence and spirit. Although, Turkish is also important. Turkish texts can sometimes include limited expressions when there are subjects or concepts that can be expressed differently. But I will answer like Participant 1. Because even though English is more meaningful or clear for us, the regulatory body, implementers, and public oversight, let’s say that ‘mechanism’, also looks at POAAB translations, sometimes nuances can cause significant differences. Therefore, we try to carry them together as much as possible, starting with English but always checking with their Turkish translations.”
(Focus Group, Paragraph 10, Participant 2)

Participant 2’s preference implies that English, the language of origin for IFRS, might offer a more authentic and unfiltered comprehension of the material. However, he also acknowledges the importance of Turkish texts. He points out that Turkish translations can sometimes contain ‘limited expressions’ when dealing with complex subjects or concepts that might have multiple interpretations or nuances in English. This limitation suggests a potential loss of subtlety or depth in the translation process, which can be a significant concern in a field that relies heavily on precise terminology and conceptual clarity.

Crucially, Participant 2 aligns with the perspective of Participant 1 regarding the practical necessity of balancing both English and Turkish texts. He recognizes that Türkiye’s regulatory body, implementers, and public oversight mechanism rely on the POAAB translations. This reliance means that professionals must be familiar with both the English and Turkish versions, as nuances in translation can lead to significant differences in interpretation and application. Therefore, Participant 2 adopts a pragmatic approach: starting with the English texts for a clear understanding and then

cross-referencing with the Turkish translations to ensure compliance and alignment with how Turkish authorities interpret and apply the standards. This method reflects a balanced and thorough approach, acknowledging the strengths and limitations of both languages in the context of accounting standards and the need to navigate these effectively to maintain accuracy.

The collective responses of the participants show a consensus on the preference of English for achieving clarity and comprehensiveness in understanding financial reporting standards. However, a notable divergence emerges in the emphasis on consulting Turkish versions, particularly among those with auditing backgrounds or current engagement in regulatory compliance. This divergence illustrates the intricate balance professionals must maintain between the original language of the standards and their local translations, ensuring accuracy, compliance, and integrity in their application within specific regulatory environments.

5.3.1.2. Perspectives on IFRS and TFRS

The focus group discussion further elaborated on the perspectives on the differences between TFRS and IFRS. Participant 1 discusses a divergence between TFRS and IFRS, particularly in the context of inflation accounting.

“Especially in inflation accounting, for example, TFRS reports and IFRS reports have started to diverge. So, for example, we are not making decisions on inflation accounting exactly according to the English in IFRS, because POAAB has not yet implemented it. That’s why both of them are progressing in parallel for us. Especially now that we are on the implementing side, not the auditing side, we also follow POAAB.” (Focus Group, Paragraph 8, Participant 1)

Participant 2 mentions that TFRS is not equivalent to IFRS due to additional disclosures required by POAAB and specific economic conditions in Türkiye. This distinction is crucial for understanding the financial statements of companies operating in Türkiye, as they affirm compliance with TFRS, not IFRS. The inclusion of additional regulations by POAAB, creates a different set of standards that Turkish companies must comply to. Participant 2’s explanation sheds light on the complexity and specificity of financial reporting in Türkiye and the importance of understanding these nuances when interpreting financial statements.

“Now, TFRS is not equivalent to IFRS. The reason for this is not just inflation accounting. POAAB in Türkiye occasionally requires companies to provide additional disclosures that are not included in the standard regulations. This can be due to the specific economic conditions in Türkiye or arising needs. Therefore, when companies declare in their financial statements that they are prepared in accordance with TFRS, they are affirming compliance with TFRS, not claiming equivalence with IFRS. Hence, if there’s an assumption of equivalence, I feel there might be a nuance that could be overlooked. I wanted to mention that. In other words, the claim that TFRS equals IFRS is not currently valid for companies. And when companies sign and publish their financial statements, they refer to the POAAB’s directive regarding the non-application of inflation accounting. Therefore, they disclose additional explanatory responsibilities in some footnotes. So, even though TFRS is based on IFRS, and as Participant 1 also mentioned, although IAS 29 is included within the standards, the financial statements are prepared according to TFRS, taking into account the additional regulations issued by the POAAB.” (Focus Group, paragraph 69, Participant 2)

Participant 4 resonates with Participant 2’s insights and raises further questions about Türkiye’s status regarding IFRS adoption, indicating that Türkiye has adapted rather than directly adopted IFRS. This distinction is significant as it highlights the modifications and additional requirements unique to the Turkish context.

“I agree with Participant 2’s comments. Looking at it, unless I’m mistaken, Türkiye is not among the countries using IFRS, but appears to be among those that have adapted it.” (Focus Group, Paragraph 70, Participant 4)

The participants’ perspectives demonstrate the divergences between TFRS and IFRS, particularly in areas such as inflation accounting and additional disclosures required by Turkish regulations. This emphasizes that the adoption of IFRS in Türkiye is not simply the translation of standards but rather an adaptation that considers unique local economic conditions and regulatory requirements. The insights obtained from this discussion highlight the importance of a nuanced understanding of financial reporting

in Türkiye, recognizing the differences and similarities between TFRS and IFRS, which are crucial for a precise interpretation and application in a global accounting context.

5.3.1.3. Translation Related Challenges

This section of the analysis examines the translation related challenges expressed by the participants in the focus group, which can be categorized into three themes: Challenges of equivalence, issues related to specialized language, and concerns about translation quality.

5.3.1.3.1. Equivalence

Accounting research often assumes that complete equivalence is possible and considers translation to be a barrier to this concept. This viewpoint is consistent with the natural equivalence sub-paradigm, which suggests that there are inherent equivalents in an external reality prior to the translation process (Laaksonen, 2020). Essentially, the literature tends to overlook cultural and contextual differences by assuming the existence of pre-established equivalent concepts, and by attributing issues of equivalence to inadequate translation. In this section, experiences and perceptions of focus group participants on equivalence are discussed.

Participant 2 discusses the challenges of translating financial standards from English to Turkish. He acknowledges that the translation process faced significant issues in the past, but the situation has improved over time due to the increased competence of Turkish practitioners and lawmakers. He notes that as financial standards are revised and the language in these documents evolves, the translations have become more accurate and clearer.

“Let me put it this way, are there major problems? I remember the early days when these translations were made. I think over time, these problems have decreased. I want to emphasize that. Because now practitioners and lawmakers in Türkiye have become more competent in many areas. Therefore, there used to be subtopics that we discussed and talked about in detail, such as what is the exact Turkish equivalent of the ‘purchase consideration’. Now, some things are starting to be expressed more clearly in the standards. As the standards are revised, I think these languages are also improving.” (Focus Group, Paragraph

19, Participant 2)

He explains that translating text from one language to another can be challenging because some ideas and words may not have a direct translation or may be expressed differently. As a result, the translated text may have longer and more complex sentences, which can make it harder to understand. However, he believes that this is not a significant issue, but rather a natural characteristic of the translation process that professionals have learned to adapt to over time.

“I would not call it a problem, but I would rather say that there are certain areas where Turkish and English cannot fully overlap. Therefore, in certain standards, the Turkish translations can result in longer expressions compared to what is understood directly from an English sentence. In fact, sentences are connected with conjunctions. I think this creates texts that can be difficult to understand and get lost in when read. So, I do not know if I could express it, but is it a huge problem? Maybe we have gotten used to it.” (Focus Group, Paragraph 19, Participant 2)

Participant 4 touches on the ongoing challenge of translating financial terminology accurately. She uses the examples of ‘obligation’ and ‘liability’ to illustrate the difficulty in finding precise equivalents in Turkish. This concern reflects a broader issue in financial translation where nuanced terms can have significant implications in understanding and applying standards. Participant 4’s query about the evolution of these terms and whether professionals have adapted to distinguish between them suggests an ongoing process of learning and adaptation in the financial community to work with these standards effectively.

“For instance, I’m still not sure if I have a firm grasp on the exact Turkish equivalents of some terms, like ‘obligation’ and ‘liability’. What are their equivalents in Turkish? I mean, there’s ‘yükümlülük’ and ‘borç’, but a liability is also an obligation... About such terms... I do not know if it is still the same or if, as Participant 2 said, people have gotten used to distinguishing between the two.” (Focus Group, Paragraph 70, Participant 4)

The focus group participants offer valuable insights into the dynamic field of financial

translation, emphasizing the complexities involved in translating financial terminology from English to Turkish. It shows the importance of linguistic precision and the challenges of finding exact counterparts for specific terms. The experiences shared by the participants highlight an ongoing process of adaptation and learning within the financial community to effectively work with these standards. The evolution of accounting language and the increasing competence of practitioners have facilitated improvements, but the inherent intricacies of translation continue to pose challenges.

5.3.1.3.2. Specialized Language

Accounting is a specialized language due to its unique vocabulary and terminology, which are essential for understanding and practicing the discipline (Mills, 1989), and accounting terminology is highly specialized and serves a variety of purposes, making it a language for specific purposes (Evans, 2010). Participant 1's insights provide a window into the challenges encountered when dealing with the translation of specialized legal terminology in financial documents from English to Turkish. This discussion is important for understanding how the specificity of legal language impacts the translation process.

Participant 1 points out that even in Turkish, legal texts can be challenging to comprehend due to their specialized terminology and structure. This issue is compounded when translating these texts into Turkish from English, as financial standards often have a legal dimension. The specific terminology used in the original English texts may not have direct equivalents in Turkish, leading to difficulties in fully grasping the nuances.

"I think because there are some legal aspects involved, even though we call them standards, we actually have a regulation according to which we do this reporting, let's say, based on the Tax Procedure Law. Even when you read anything related to law, you can sometimes have difficulty understanding it because it has its own terminology, even in Turkish. So, I think, due to being somewhat of a legal matter, there can be difficulties in fully understanding the Turkish translation due to the specific terminology. That's why, of course, we are sometimes forced to look at what it means in the original English text. But overall, I think there can be challenges in translating into Turkish because it is

somewhat of a legal issue.” (Focus Group, Paragraph 27, Participant 1)

Her experience reflects the broader challenge professionals face in interpreting and applying international standards within a local legal framework, emphasizing the need to refer back to the original English texts for clarity.

5.3.1.3.3. Concerns on Translation Quality

Through the insights of focus group participants, this section shows the key challenges in ensuring accurate and effective translations. The concerns raised here center on the translators' proficiency and practical experience of subject matter expertise, and the need for specialization in translating complex financial and legal texts. Understanding these concerns is essential for appreciating the intricacies of translating financial documents and implementing international standards in a local context.

Participant 4 identifies several fundamental problems with the translation and implementation of international financial standards in Türkiye. Firstly, he suggests that translators might not fully grasp the essence of what they're translating due to a lack of practical experience. Understanding the practical implications of standards is crucial for accurate translation and application.

“I think there could be a few fundamental problems here. One of them is that I often do not think that the people who do these translations fully understand what they mean because they do not implement them. When you come from the implementation side and then read a text or a standard, you can understand the essence better. This could be the first fundamental problem.” (Focus Group, Paragraph 21, Participant 4)

Participant 2 supports this point from another perspective. She highlights the significance of experts who possess a deep understanding of the subject matter and proficiency in English being at the forefront of developing an understanding and implementing new standards. This highlights the crucial role of expertise and language proficiency in the effective translation and implementation of international standards.

“... my professor in my master's program used to work in a public institution and she said that they were involved in these translations... it starts with an expert in that institution who is familiar with the subject matter and has proficiency in English. Therefore, the development of

understanding naturally takes time, as it is a process that starts with the translation by an expert in the field.” (Focus Group, Paragraph 42, Participant 2)

Participant 3 draws attention to the potential pitfalls of inadequately executed Turkish translations of financial reporting standards. He emphasizes the importance of having competent individuals who are knowledgeable about the subject matter involved in the translation process.

“Because, based on my experience, the Turkish translations, which are not done by competent individuals who are involved in the subject, can lead to misunderstandings. (Focus Group, Paragraph 5, Participant 3)

He further highlights the importance of specialization when translating legal texts in the context of financial reporting standards. He suggests that when dealing with such specialized content, translators often seek the assistance of translation agencies or lawyers who possess a high level of competence in both the source and target languages, particularly with regard to the specialized terminology used in legal and financial contexts. This implies that accurate translation of financial standards and legal documents requires not only linguistic proficiency but also a deep understanding of the subject matter and precise terminology, underlining the significance of expertise in ensuring the quality of translations within the field of financial reporting.

“There needs to be specialization based on standards, and the people who do these translations sometimes send certain legal texts to translation agencies, to lawyers. Since they are fully competent, they translate these texts very well in terms of terminology.” (Focus Group, Paragraph 55, Participant 3)

Participant 4 discusses the challenges and dynamics in translating financial texts in Türkiye, specifically highlighting the absence of specialized translators for this domain.

“No, there are no specialized translators, as far as I know... But experts from the POAAB, actually share the responsibility of translating these texts.” (Focus Group, Paragraphs 34-36, Participant 4)

Participant 4 notes that the varying language backgrounds of these experts can lead to nuances in translation due to differing levels of proficiency in each language.

“They need to be proficient in both English and Turkish... for example, some experts come from Gazi University or METU, and they have different language backgrounds. One may be very proficient in English, while the other may be more proficient in Turkish. I think nuances play a role here. (Focus Group, Paragraph 36, Participant 4)

The insights from the participants reveal key issues like the need for practical experience, subject matter expertise, and linguistic proficiency in ensuring high-quality translations. The discussion highlights the critical role of specialized knowledge in both the source and target languages, especially when dealing with complex legal and financial terminology. These concerns show the necessity for a rigorous and informed approach to translation in the accounting, emphasizing the importance of expertise and specialization in maintaining the integrity and effectiveness of international financial standards in a local context.

5.3.1.4. Adoption and Implementation Challenges

This section of the analysis examines the adoption and implementation related challenges expressed by the participants in the focus group, which can be categorized into four themes: Bureaucratic, Principle-based, Accounting Profession, and Education.

5.3.1.4.1. Bureaucratic

The implementation of IFRS in Türkiye is linked to four subthemes of bureaucratic challenges as identified by the focus group participants. These include translation timeliness, selective implementation, force to accounting harmonization, and utilizing standards from abroad.

5.3.1.4.1.1. Translation Timeliness

The accurate and timely translation of IFRS is crucial for effective implementation and understanding, particularly in countries where the official language differs from English. The availability of IFRS and interpretations in a timely manner in the national language is essential for countries required to implement them, as it facilitates accessibility for non-English-speaking users of IFRS (Holthoff, Hoos and Weissenberger, 2015). Participant 3 points out the rapid changes in standards and the bureaucratic delays that can hinder timely updates in translations, leading to a lag in adopting new practices. This delay might affect the relevance and effectiveness of

financial reporting and auditing.

“Secondly, standards can change quickly. How quickly do we adapt to these changes? Due to bureaucracy, there can be delays in translations, for example. We can fall behind.” (Focus Group, Paragraph 21, Participant 3)

Participant 5 further addresses the issue of timing in the context of updating and implementing changes to financial standards. She shares a personal experience where a change in supplier finance arrangements was announced, highlighting how practitioners often have limited time to adapt to these updates. The delay between the announcement of changes and their translation into Turkish can leave professionals who are not proficient in English or do not work with English participants uninformed for months.

“In May, there was a change regarding supplier finance arrangements. Now, these standards are periodically updated, and sometimes the practitioners are given very little time to implement the changes. For example, in the last change in May, which was actually the result of a process that has been going on for a year or two, when the changes regarding supplier finance were announced, I was conducting a study on it as a researcher. I had to include it in my work. Timing is already a problem. After the changes are announced, it takes a certain amount of time for them to be translated into Turkish. The time given for those changes was already short... So, there is also a timing issue there, I think. But maybe this problem is resolved among companies, I do not have information about that. As a researcher, that’s why I have to use English. If I wait for POAAB, I will be late in my research.” (Focus Group, Paragraph 40, Participant 5)

The timeliness of updates also poses another challenge for users who only know Turkish. Since the translations are not being made available or published, people who do not know English would not be aware of this, as Participant 5 points out:

“When I look at POAAB, it was published in September. If someone does not know English or does not work with English participants, they may not be aware of the changes for 3-4 months, because they are not

following it.” (Focus Group, Paragraph 40, Participant 5)

Participant 2 also provides supporting arguments related to the timeliness issue. She gives a specific example of integrated reporting standards, pointing out that while some traded companies have been implementing integrated reporting for a while, the official standards were only recently translated and published in Türkiye. She not only highlights a delay in translation but also emphasizes a delay in training for the transition:

“The integrated reporting standards were recently translated. But companies like Turkcell have been doing integrated reporting for a long time. However, the standards, even a few months ago, were just published and translated. In Türkiye, everyone is just starting to adopt this reporting, for the most part. This is already a process that is a step behind in the POAAB process. Because there are already published standards according to IFRS, but we have a new standard in Türkiye. And in terms of the audit of these sustainability reports, we are also just starting to adopt the standards with POAAB. They recently provided training for the transition, even for POAAB experts.” (Focus Group, Paragraph 42, Participant 2)

The insights from participants highlight the impact of such delays on the practical application and understanding of these standards. These delays can leave non-English-speaking professionals at a disadvantage, potentially affecting the accuracy and relevance of financial reporting in Türkiye. Timely translations are important to ensure that all professionals, regardless of language proficiency, have equal access to the latest financial standards and practices. This is crucial for maintaining the integrity and effectiveness of financial reporting and auditing processes. The need for expedited translation processes and perhaps bilingual proficiency among financial professionals becomes apparent. This is especially important in ensuring that all stakeholders, including researchers, auditors, and practitioners, are on the same page, facilitating a more inclusive and up-to-date financial ecosystem.

5.3.1.4.1.2. Selective Implementation

In this section, the discussion shifts its focus to the practical differences and challenges encountered while aligning Turkish accounting practices with international accounting

standards. This theme holds significant importance in comprehending the intricacies and consequences of adopting IFRS. Insights from participants shows the selective nature of implementing these standards in Türkiye and the resulting implications, particularly in terms of compliance and financial credibility. One of the reasons for adhering to both financial statements lies in the practical distinctions between Turkish and international accounting. Participant 1 has specifically points out the non-usage of inflation accounting:

“But unfortunately, there are often differences between Türkiye and the international practice... Especially in inflation accounting, for example, TFRS reports and IFRS reports have started to diverge. So, for example, we are not making decisions on inflation accounting exactly according to the English IFRS, because POAAB has not yet implemented it.” (Focus Group, Paragraph 8, Participant 1)

Participant 3 notices that there is a tendency towards selective translation and the implementation of international accounting standards. He specifically notes that IAS 29 has not been adopted. This selectivity could be due to various reasons, such as the standard being unsuitable to the local context or other practical considerations. However, this selective adoption can result in gaps in compliance with international standards and might affect the quality and comparability of financial reporting.

“Thirdly, sometimes we translate what suits us. We are not implementing IAS 29 right now. Because it does not suit us, we may behave selectively in this regard... It has been the only unchanged standard since its inception, but they do not implement it and their selective guidance may also hinder us.” (Focus Group, Paragraph 21, Participant 3)

During the latter part of the focus group, Participant 3 once again offers a practical perspective to the discussion, highlighting the real-world implications of not applying specific accounting standards, such as IAS 29 for inflation accounting. He notes that this omission leads to significant problems in international contracts and borrowing, where foreign entities require IFRS-compliant financial statements. The lack of compliance with IAS 29 renders financial statements unacceptable to these entities, affecting large loan agreements and the fulfillment of covenants. He points out that

this not only increases operational costs but also creates last-minute difficulties due to the specifics buried in contract sub-clauses. This situation has become a notable issue for Turkish companies in recent years. His insight emphasizes the critical need for alignment with international standards to ensure smooth international operations and financial credibility.

“I wanted to make a comment from a different perspective. Now, not applying inflation accounting has caused problems for us in terms of contracts as well. Now, if you are borrowing from abroad, you have certain obligations according to the IFRS-compliant financial statements. But at this point, they do not accept any of these reports abroad because IAS 29 is not applied, and they say that these financial statements are not correct because IAS 29 is not applied. Especially in large loan agreements and for the fulfillment of covenants, these credit institutions demand IAS 29-compliant financial statements. This increases both the operational costs for companies and creates difficulties in monitoring covenants. And these issues arise at the last minute because these details are included in the sub-clauses of the contract and can be noticed at the last moment. These handicaps have emerged in companies in the last 2 years.” (Focus Group, Paragraph 73, Participant 3)

The discussion points to the need for a more holistic and consistent approach to adopting international standards to ensure compliance and maintain financial credibility, especially in the context of international operations and contracts. The selective nature of implementation not only affects the quality and comparability of financial reporting but also has tangible impacts on operational costs and contract negotiations.

5.3.1.4.1.3. Force to Accounting Harmonization

This section explores the challenges and perspectives surrounding the adoption of international accounting standards in Türkiye. Participant 3 questions the motivation behind adopting international standards and practices, highlighting a tension between genuine engagement and obligatory compliance. He criticizes the checklist mentality, where the focus is on ticking off requirements rather than truly understanding and

integrating the standards. This approach limits the depth of engagement and prevents the development of a more sophisticated and tailored application of international standards within the Turkish context.

“Are we doing some things because we really want to do them or because we are obliged to do them? I see a contradiction here. We turn most things into a checklist item because we say, ‘Oh, we have to do this, too.’ When we do that, we cannot take something to an advanced stage. I do not know.” (Focus Group, Paragraph 55, Participant 3)

For standards to be truly effective and relevant in a specific context like Türkiye, they need to be approached with an aim to fully understand and adapt them to local needs and practices, rather than simply complying with them as an obligation. According to the participant’s insights, this approach is key to ensuring that the adoption of international standards contributes to the development of a sophisticated, effective, and contextually relevant financial reporting and regulatory framework.

5.3.1.4.1.4. Utilizing Standards from Abroad

Participant 3 addresses the difficulty of reconciling international standards, designed for markets with different characteristics, with the realities of the Turkish financial market. He points out that certain standards, such as IAS 39 (now IFRS 9), involve complex instruments that may not be well understood or applicable in the Turkish context due to less developed financial markets. This lack of depth and specificity can lead to confusion and barriers to implementation, as the standards were designed with assumptions about market functionality that may not hold in Türkiye. The result is a disconnect between the theoretical framework of the standards and the practical realities of the local market, which complicates understanding and application.

“There are also many things that are not applied in Türkiye in terms of the scope of certain standards. For example, there used to be IAS 39, now it is IFRS 9. Sometimes I have difficulty understanding the instruments even in Turkish. There is a mechanism established abroad that has functionality in those markets. But our markets are not as deep, so we used to ask technical teams questions like, ‘Is there such a thing, is it possible or not?’. Sometimes, due to the scale of these international reporting standards not being deep in our markets, there can be certain

barriers.” (Focus Group, Paragraph 25, Participant 3)

He further reflects on the lack of contribution from Türkiye to the development of international standards and the pitfalls of merely copying foreign models without considering local context. He argues that a deeper, more authentic engagement with international standards would not only enhance their application in Türkiye but also allow Türkiye to contribute its unique perspective to the global discourse. This would require moving beyond superficial adoption and considering how these standards interact with and can be adapted to the local cultural and business environment.

“How much contribution has been made from Türkiye to the International Financial Reporting Standards? ... Since we always say, ‘Germany has done this, they have done that’, if we do not contribute much, we cannot achieve progress here. ... We copy it here. When we look at our culture, our habits, it does not work.” (Focus Group, Paragraph 54, Participant 3)

This approach not only enhances the comprehension and application of these standards in Türkiye but also empowers the country to make a meaningful contribution to the development of global financial reporting standards.

5.3.1.4.2. Principle-based

The implementation of IFRS in Türkiye is associated with three subthemes of challenges inherent to the principle-based nature, as identified by the focus group participants. These include principle-based standards requiring judgments, importance of examples to understand the standards, and the internalization of the principle-based standards.

5.3.1.4.2.1. Requires Judgment

Understanding and internalizing complex standards like IFRS, which often require interpretation and judgment, is crucial. Participant 2 notes that in practice, professionals sometimes encounter unique cases not fully covered by the standard’s text, requiring them to draw analogies or make informed judgments. He emphasizes the challenges financial professionals face when encountering unique and complex cases that may not have explicit guidance within the standards, necessitating the use of analogies and creative problem-solving. Furthermore, it stresses the importance of not only comprehending IFRS but also internalizing and implementing it accurately in

practice, highlighting the crucial role of understanding and effectively applying these standards in the field of financial reporting.

“As we mentioned earlier, IFRS is actually not rule-based, it requires a bit of interpretation, a judgment. After internalizing it, you need to implement it in practice. Sometimes you can come across very interesting cases where even if you read the justifications of the standard, you cannot find a paragraph that fully covers that case. In this case, you may need to make an analogy. Sometimes I’m talking about very extreme points. Therefore, understanding it correctly, internalizing it, and implementing it correctly means applying it.”
(Focus Group, Paragraph 54, Participant 2)

Further, Participant 2 discusses the concept of ‘gray areas’ in financial reporting standards, a critical and challenging aspect of the profession. These gray areas are not about the linguistic differences between Turkish and English but about the inherent ambiguities and unaddressed issues within the standards themselves. He points out that financial standards are not always definitive and may not cover every possible scenario, especially when it comes to complex transactions and novel financial instruments.

“The second important issue... is the gray areas in the standards. This is not just about the gray areas between Turkish and English, but there are some issues that we cannot find answers to in the standards or that the Board has discussed but not enacted. There are certain complex transactions or instruments where we think, ‘Would not it be better if it were like this?’” (Focus Group, Paragraph 90, Participant 2)

This highlights that mastering financial reporting standards involves more than just learning rules; it requires deep understanding, the ability to interpret and apply these standards in diverse situations.

5.3.1.4.2.2. Importance of Examples

Examples play a crucial role in bridging the gap between theoretical knowledge and practical application. Participant 2 acknowledges the nuances in the translation and emphasizes the significance of the definition sections in standards, which tend to give enough explanations for users. Nonetheless, he admits that even though these

definitions are useful, practical examples and real-life applications are required to fully comprehend the concepts.

“... in TMS 37 and TFRS 9, these concepts [‘debt’ and ‘obligation’] are quite frankly widely used, as you know. Therefore, I believe the definition part is a valuable section in the standards... As a professional member, I agree with this.. in the trainings given by TÜRMOB or the symposiums I attend, when we engage in direct dialogue with some users... when you explain the concept in TMS 37 in Turkish and with the definitions in the standard, users can understand it. Because they now realize that a ‘liability’, what we call a ‘payable’, arises from an ‘obligation’ but finds its place in the balance sheet under certain conditions. In other words, they can understand the obligation and the debt in the balance sheet...” (Focus Group, Paragraph 71, Participant 2)

This focus on practical examples highlights the role of context in learning about financial reporting. Linking abstract ideas to real-world situations helps professionals effectively deal with the intricacies of financial standards and apply IFRS thoroughly. Examples improve comprehension and enhance the integration of these principles, enabling their application across diverse contexts.

5.3.1.4.2.3. Internalization

Internalization, as defined in the context of knowledge management, is the process of transforming explicit knowledge into tacit knowledge (Tsai and Lee, 2006). This concept is part of the four modes of knowledge transformation outlined by Nonaka and Takeuchi (1995), which include socialization, combination, externalization, and internalization.

Specifically, internalization refers to the embodiment of explicit knowledge into the tacit knowledge (Tsai and Lee, 2006). Explicit knowledge is characterized as being formalized and systematic, easily communicated and shared through documents, systems, or other formal means. Tacit knowledge, in contrast, is more intuitive, personal, and harder to articulate, often based on individual experiences and insights (Polanyi, 1967; Leonard-Barton, 1995). The knowledge under consideration in this research is primarily related to accounting principles, where information existing

within documents, books, standards, systems, and databases is recognized as explicit knowledge. Simultaneously, the knowledge capabilities residing within individuals and specifically attributable to them are regarded as tacit knowledge (Wong and Radcliffe, 2000).

Internalization is not only about comprehending accounting principles and standards in theory (explicit knowledge), but also about putting them into practice in real-life situations (tacit knowledge). This process is crucial for accountants and financial professionals who must navigate complex financial situations and apply accounting standards correctly. Participant 2 highlights the significance of practical experience in interpreting IFRS. He reflects on the evolving nature of understanding and applying international accounting standards through the lens of experience, initially describes how texts related to accounting standards, which once seemed abstract or theoretical ('like stories'), have become more concrete and relatable over time. This transition from theoretical to practical understanding highlights the role of experience in the field of accounting and auditing. As practitioners encounter various instruments and scenarios, especially new types of hedging and complex derivatives, their understanding deepens. This experience allows them to recognize equivalents in the industry, making the texts more tangible and understandable. He mentions that while certain sections of IFRS may remain challenging, the accumulation of experience enables practitioners to internalize and understand these standards better.

“In such a situation, texts that used to seem like stories to us are now becoming more tangible. Practitioners are now saying, ‘Yes, there is an equivalent for this in the industry.’. Therefore, when we try to interpret IFRS, whether in Turkish or English, there can be challenging sections, but as we gain experience, we can internalize it more easily. This is the first point I wanted to make, that some things can only be understood through experience.” (Focus Group, Paragraph 31, Participant 2)

The phrase “Practitioners are now saying, ‘Yes, there is an equivalent for this in the industry.’” suggests a growing confidence among professionals in finding real-world applications and parallels for the concepts outlined in IFRS. This confidence likely comes from increased familiarity with the standards and a deeper understanding of how they align with or differ from industry practices, hence internalizing them.

Further, Participant 2 mentions that, either due to professionals becoming more accustomed to the terminology or improvements in translations, there's a perceivable enhancement in how Turkish texts are understood. He emphasizes the role of practical experience in understanding complex financial instruments and concepts, suggesting that as professionals encounter various scenarios, their understanding of the standards in both English and Turkish improves.

“Over time, either we have become accustomed to it, or translations are being done better, or texts are being created with better understanding. This could also be possible. We can now encounter Turkish texts that we used to find difficult to understand in a more tangible form. Especially in the past year or so, we have started encountering less common instruments, due to businesses facing different risks. We are now encountering new instruments or new types of hedging that we have never encountered before. We are facing a world with more complex and embedded derivatives. In such a situation, texts that used to seem like stories to us are now becoming more tangible.” (Focus Group, Paragraph 31, Participant 2)

Participant 4 shares a similar thought on the internalization process and observes that familiarity with financial instruments improves as professionals encounter them.

“... when it comes to Turkish audit firms, smaller audit firms, or accountants and financial advisors, when they rely solely on Turkish, it is true that they become more familiar with the instruments as they encounter them. They understand and see certain things better.” (Focus Group, Paragraph 36, Participant 4)

Participant 4 addresses the significance of fully understanding the conceptual framework underlying financial standards before delving into the more technical aspects. She suggests that the essence of the matter, the foundational principles and concepts, must be grasped to apply the standards effectively.

“You know, the gray areas in practice. I wonder if the question of whether a conceptual framework has been fully understood or not comes to mind. After understanding that, the standards fall into place. Standards are a bit more technical. But without understanding the

essence of the matter, you explain everything within this conceptual framework.” (Focus Group, Paragraph 86, Participant 4)

The journey of internalization, as highlighted by Participant 2 and Participant 4, is essential for the practical application of IFRS standards. It transforms abstract concepts into actionable insights through direct experience with complex financial instruments and scenarios. This process underscores the significance of a thorough grasp of the conceptual framework, enabling professionals to navigate the ‘gray areas’ of financial standards with greater confidence and precision. The evolving comprehension and application of IFRS through experience enhances the professionals’ capability to address novel and complex situations and contributes to the continuous improvement of financial reporting practices.

5.3.1.4.3. Accounting Profession

In this chapter, adoption and implementation challenges associated with the accounting profession theme are analyzed. In the focus group, only the ‘improvement in ethics’ theme is identified.

Improvement in Ethics

The exploration of challenges within the accounting profession, particularly through the lens of ethics, is a part of this analysis. Participant 3 addresses a concern within the financial advisory sector, emphasizing the presence of numerous financial advisors who may not provide ethical or sound financial guidance. He further suggests that raising awareness about the importance of ethical practices and proper implementation of IFRS in Türkiye is crucial, potentially indicating that these standards may not be consistently followed and enforced in the country.

“When you look at it, there are plenty of financial advisors in the market. They teach people how to do things wrong. There needs to be an ethical improvement in the sector as well. I do not know which organization can initiate such a project, but later on, transferring this information to them, if IFRS is really going to be implemented properly in Türkiye, increasing awareness at those levels can be important.”
(Focus Group, Paragraph 76, Participant 3)

The emphasis on ethical improvement within the sector points to a significant pathway for enhancing the credibility and effectiveness of financial advisement in Türkiye.

5.3.1.4.4. Education

In this section, adoption and implementation challenges associated with the education theme are analyzed. In the focus group, only the ‘improvement in ethics’ theme is identified.

Learned Terminology in English

Participant 2 touches on the cultural and educational aspects of language comprehension. Professionals like himself, who have grown up with English financial terminology, may find it challenging to adapt to translations. This indicates a broader cultural shift where familiarity and educational background significantly influence the ease of understanding complex subjects in a second language.

“We have always grown up with English terminology and its original texts. Our ears are accustomed to that melody. When we hear a new melody, a new tone, it can be challenging to work on the translation. This also has to do with where we come from. As people receive education with a Turkish background or increase their familiarity with these subjects, that’s when Turkish becomes more easily understandable. Therefore, I think this is a process of ongoing transformation.” (Focus Group, Paragraph 31, Participant 2)

This reflection underlines the necessity of considering educational and cultural contexts in the process of adopting international financial standards.

5.3.1.5. Solutions

In the realm of solutions, Participant 2 presents a perspective emphasizing the importance of English proficiency in the financial profession, likening it to the medical field where staying updated with world literature is crucial. He argues that for financial professionals to remain relevant and informed, especially as the field expands to include non-financial data and new standards like those related to ESG (Environmental, Social, and Governance), English is indispensable.

“There are some translators, for example. When we put it into Chat GPT, it can translate a text that is not too technical or specific, from a non-specialized standard into Turkish with a translation that can give you a rough understanding. But this is what I think... Therefore, as this

issue becomes more important, I think people need to develop themselves. Unfortunately, English is indispensable for this subject. Beyond the institutions and organizations, I think users should also push their limits and improve themselves.” (Focus Group, Paragraph 45, Participant 2)

He also suggests utilizing artificial intelligence tools to gain a rough understanding of English texts, thereby mitigating the impact of delays in the translation of financial reporting standards and ensuring that English does not serve as a barrier. But for deep understanding and timely updates, individual effort to improve English comprehension is essential.

“When we put it into Chat GPT, it can translate a text that is not too technical or specific, from a non-specialized standard into Turkish with a translation that can give you a rough understanding.” (Focus Group, Paragraph 45, Participant 2)

Participant 3 admits that while he does use AI tools for routine translations occasionally, he remains skeptical of their reliability for more critical tasks. This cautious stance highlights a common perception among professionals regarding the limitations of AI in handling complex and nuanced tasks, such as translating specialized financial texts. The implication is that while AI can be a helpful tool, it cannot yet replace human judgment and understanding, especially in areas requiring deep expertise.

“Well, we use it from time to time, but honestly, I do not trust it too much for important matters, but I can use it for regular translations from time to time. I can use it for that.” (Focus Group, Paragraph 51, Participant 3)

Participant 2 suggests that as the profession evolves and gains further accreditation, professionals should push their limits and enhance their language skills to access the latest information directly. This approach is not just about institutional responsibility but also about personal development and staying competitive and competent in a global field.

“Therefore, my most important recommendation here is to give more importance to this profession individually. This profession now has an

accreditation as well. For example, there will be accreditation in terms of ESG, as you know. Therefore, if this is the indispensable part of this profession, you need to have access to the information.” (Focus Group, Paragraph 45, Participant 2)

Participant 3 emphasizes the importance of specialized expertise in financial standards, comparing the approach to US GAAP where professionals focus on specific standards. He suggests adopting a similar approach in Türkiye, advocating for subject matter experts, particularly in translation. The idea is that specialized knowledge leads to better quality and more accurate translations, especially of complex legal and financial texts. This specialization ensures that nuances and technical jargon are correctly interpreted and conveyed, providing more reliable and useful translations for practitioners.

“Now, US GAAP was a bit more rule-based, those standards were long, and as far as I know, there was a standard expert there. No one in America would pay attention to someone who says they know US GAAP. They would say, ‘I am an expert in this standard, I know this standard.’ We also need to go to this ‘subject matter of expertise’.” (Focus Group, Paragraph 55, Participant 3)

Participant 5 acknowledges the need for active engagement in the standard-setting process. She highlights a critical self-reflection, acknowledging that the lack of participation in the standard-setting process leads to a reliance on translations, which inherently reduces the quality and relevance of those standards within the local context. She suggested researching the number of opinions sent from Türkiye to gauge the country’s level of engagement and encourage more proactive involvement from Turkish professionals and academics.

“For example, when the new conceptual framework was released, we, six professors, came together and said, let’s send an opinion. So, here we need to criticize ourselves a bit. When you do not participate in the standard-setting process and try to do it only with translations, of course, the quality of those translations also decreases. As an academician, I fully agree with this issue. In fact, I think we can also research the number of opinions sent from Türkiye.” (Focus Group,

Paragraph 57, Participant 5)

Participant 3 suggests a multi-faceted approach to improve financial reporting and translation in Türkiye. He proposes collaborations between universities, particularly those with translation and interpretation departments, and the fields of accounting and financial reporting. This collaboration could enhance the translation quality of financial documents and standards.

“Well, there are Translation and Interpretation Departments in universities, for example. A collaboration can be established in relation to accounting and financial reporting in that field. A project can be carried out for this purpose. Sometimes, this can also happen in sports branches. For example, chess. Regulations can be made for chess, and it can be done in different fields as well.” (Focus Group, Paragraph 76, Participant 3)

Participant 3 feels the need for a dedicated translation committee, as there seem to be discrepancies in financial reporting standards. He emphasizes the importance of maintaining the integrity of these standards through coordinated efforts and consistent translations.

“I do not know the exact structure of the POAAB. Since I studied public administration myself, there must be a consolidation of such opinions. For example, when different people make each standard, the integrity of that subject is lost. So, there needs to be coordination in a way that ensures the integrity of the standards. The structures in that field can be researched. I really do not know how the structure is. I have not been interested, but when you read, you can easily feel the differences in references and language in translation. The structure there can be changed in a way that makes sense.” (Focus Group, Paragraph 76, Participant 3)

These strategies emphasize a unified approach to overcoming language barriers, ensuring the integrity and relevance of financial reporting standards within Türkiye. By improving English skills, using technology wisely, and promoting specialized knowledge, the financial sector can better align with global standards, enhancing its international standing.

Role of Universities

The solutions associated to the universities are discussed below as involving professionals as instructors, having more case studies integrated in the education, and the importance of trying to understand expectations of new graduates, therefor new generations.

Professionals as Instructors

The integration of professionals into university curriculums significantly enhances the educational experience for students aspiring to careers in financial reporting and auditing. Participant 1 highlights the critical role of universities in preparing students for careers in financial reporting and auditing. She shares her experience, where the curriculum was enhanced through collaboration with major accounting firms, offering courses in IT risk, audit, and IFRS. This exposure not only provided practical knowledge but also opened career opportunities for students. Her personal experience highlights the value of practical, industry-relevant education in developing the skills and understanding necessary for careers in financial reporting and auditing. Participant 2's perspective suggests that integrating professional experience and real-world applications into academic programs can significantly improve the quality of education and prepare students more effectively for their future roles.

“I think the steps taken at universities are crucial... I studied Business Administration in English, and we had a lot of... I mean, you constantly interact with the Big 4 firms there. Also, at the faculty. Many people from KPMG, Price, and Deloitte came. They advanced the curriculum by adding IT risk courses, audit courses. I took both audit and IFRS courses. It really opens up doors for students in terms of their careers. (Focus Group, Paragraph 81, Participant 1)

This approach prepares students with the necessary skills and opens career opportunities, highlighting the critical role universities play in bridging the gap between education and industry.

Case Studies

Case studies emerge as a powerful tool in linking theoretical knowledge with practical application in financial education. Participant 4 proposes an educational approach where universities and companies use small, practical examples or case studies to test and enhance understanding of the conceptual framework. This method could help

bridge the gap between theoretical knowledge and practical application, ensuring a deeper comprehension of the standards.

“University and companies can use small examples, small cases to help understand whether it has been understood or not, or whether it can be better understood through Turkish, especially through Turkish.”
(Focus Group, Paragraph 86, Participant 4)

Implementing case studies in the curriculum ensures that students gain a comprehensive understanding of financial standards, readying them for real-world challenges.

New Generations

Addressing the interests and learning styles of new generations is crucial for effective education in financial professions. Participant 2 reflects on the challenges and opportunities in educating the new generation of financial professionals. He recognizes the intelligence and capabilities of current students but also notes a lack of interest, which he believes could be mitigated by making the subject matter more engaging.

“I visit the faculty as an adjunct lecturer. What I see is that, in my opinion, due to being a human-related issue, the new generation and future generations need to be analyzed well... when I compare the past periods with the present, most of the students are really intelligent and smart, but there is an issue with their interest. In a profession like this, as Participant 4 mentioned, they really need to be interested in comprehending, internalizing, understanding, and being able to interpret the concepts. I think we need to make this topic more interesting.” (Focus Group, Paragraph 90, Participant 2)

He suggests that traditional methods of teaching standards might not suffice and proposes the use of various techniques and enriched content to spark interest and deepen understanding.

“It is not enough to just explain a standard. Do we need to use different techniques? Do we need to enrich the content? You cannot reach a point just by doing case studies or by engaging people in discussions because there is no infrastructure. They lack the technical knowledge and depth, so they get bored.” (Focus Group, Paragraph 90,

Participant 2)

Participant 2 also discusses the dynamic nature of financial standards and the profession, emphasizing the need to prepare students for a rapidly evolving field, particularly with the integration of technology and sustainability considerations. To address these needs, he suggests a collaborative approach to designing educational content, understanding the expectations of the new generation.

“I think the most important thing to do is to think about the future of the profession, not just the present. When we say a professional, we all have the same profile in mind, more or less. But I think if we talk about technological solutions, it is being discussed how feasible our profession will be in the near future, how integrated certain professions will be, or if they will exist at all. Now, considering that the profession is evolving rapidly, especially in terms of sustainability, it is valuable to understand the needs and expectations of the new generation and to explain our expectations from them and the future of this profession, and maybe design content together. Because I do not think a standard IFRS course is enough to achieve sufficient results.” (Focus Group, Paragraph 90, Participant 2)

Enhancing curriculum content and teaching methodologies is crucial for fostering students’ understanding and interest in financial standards, preparing them for the evolving demands of the profession.

Role of Professional Organizations

Professional organizations are crucial in improving the practical comprehension of financial reporting requirements. Participant 2 acknowledges that while the definitions in financial reporting standards are helpful, there’s a need for practical examples and real-life applications to fully grasp the concepts. He suggests that direct dialogue and training can significantly enhance understanding, as he has observed in his professional experience. He calls for increased interaction between experienced professionals and other users, facilitated by regulatory bodies and professional chambers. This would not only clarify gray areas but also enrich the users’ understanding, making the application of these standards more effective and relevant.

“Reading definitions can be sufficient for many people, but they may

also need some additional examples. Here we might also need to question this. Regulators, especially professional chambers, need to educate professionals like us, and bring together professionals well-versed in both aspects with other users. This could be valuable. This could add more meaning to the perspective Participant 4 brought up from my side. Because I can explain these gray areas in my examples. They understand. Therefore, we might need to increase this interaction.” (Focus Group, Paragraph 71, Participant 2)

Increasing interaction between experienced professionals and learners through training and dialogue facilitated by these organizations can significantly improve comprehension and application of financial standards, making education more relevant and effective.

5.3.2. In-depth Interviews Findings

This section discusses the findings of semi-structured, in-depth interviews that explore the challenges of adopting IFRS in countries previously reliant on rule-based financial systems. The research investigates explicitly how professionals in such rule-based countries adapt to the IFRS framework, particularly when faced with linguistic barriers and translation issues. Through a series of interviews with participants from various financial sectors, this research offers insights into their experiences and strategies for navigating the complexities of IFRS adoption. Their responses provide a multifaceted view of the practical implications of transitioning to a principle-based system, highlighting the critical role of language and translation in understanding and applying international financial standards.

These semi-structured interviews provide a more detailed exploration of the complexities of adopting IFRS in Türkiye, following up on the focus group discussions. They aim to gather detailed insights from individual professionals and experts in the field, focusing on their personal experiences and perspectives related to the shift from a rule-based to a principle-based accounting system. The interviews pay special attention to the nuances of translation issues highlighted in the focus group discussions. Furthermore, they broaden the scope to include more personalized accounts of the adoption process and the practical challenges faced during implementation. The findings from these interviews are, again, categorized into two

main sections: ‘Translation-Related Challenges’ and ‘ Adoption and Implementation Challenges’, providing a richer understanding of the broader issues identified in the focus group discussions.



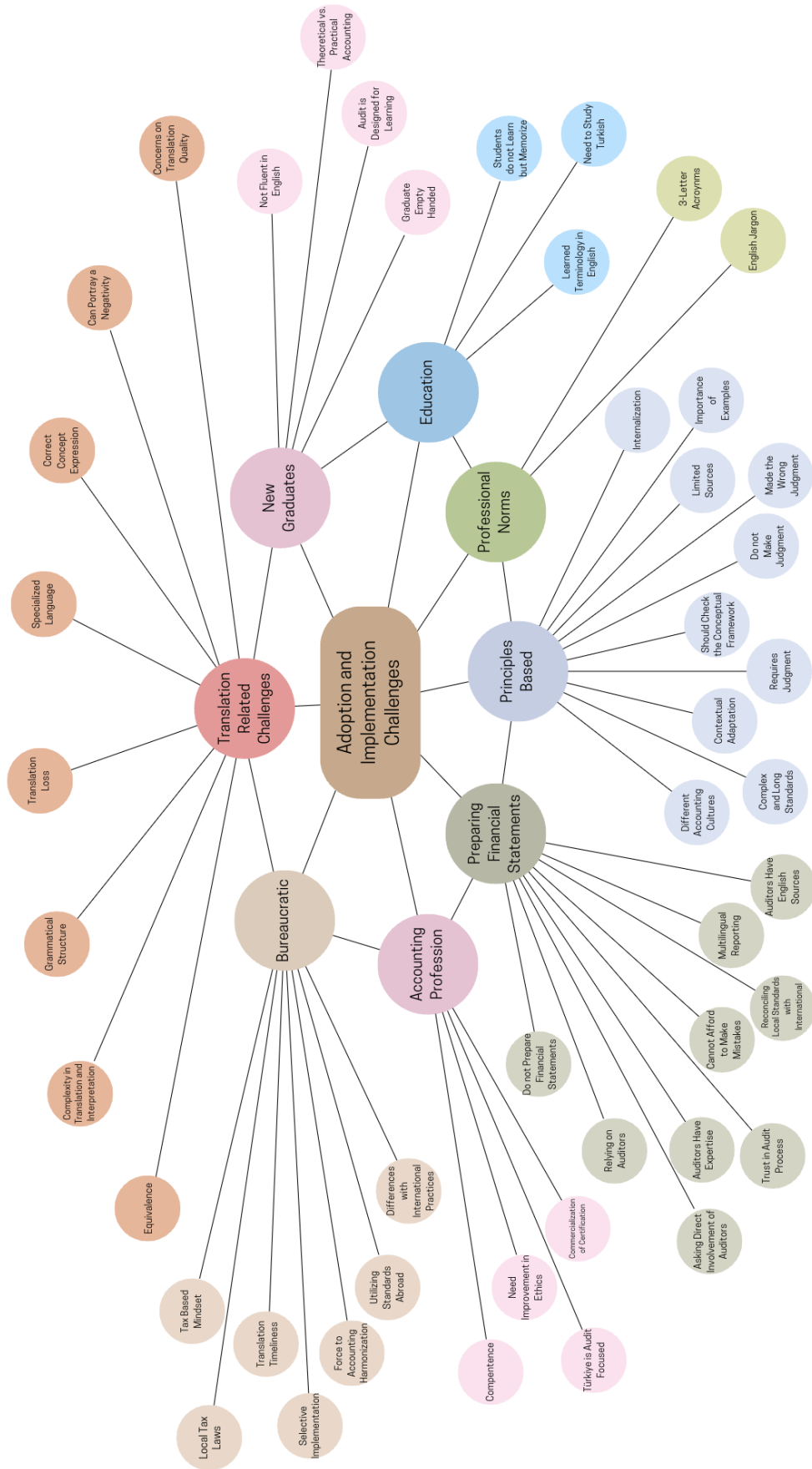


Figure 5. Thematic map of the in-depth interviews

5.3.2.1. Standard Preference

The in-depth interviews provide a multifaceted view of how professionals in different roles and contexts navigate the complexities of financial reporting standards, particularly in a bilingual environment involving English and Turkish.

Participant 6 indicates they primarily rely on the English version of the financial standards without referencing the local language translations. This may suggest that the company's international ownership influences its prioritization of standards, favoring IFRS over local adaptations due to its global relevance.

"I have never looked at the POAAB translations before today. I have not read them once... I work for a foreign-owned company. So, we do not feel the need to scrutinize the POAAB texts too much." (Participant 6, Paragraphs 7-9)

Participant 8 prefers consulting the original English version of financial documents despite having a Turkish translation available. He indicates that the Turkish version can sometimes be problematic, and reading the original language provides a sense of confirmation and clarity about the content.

"Well, let me explain. First, you check the Turkish version. You get into trouble with the Turkish version. I've always felt the need to read the original to confirm, 'Ah, this is it.'" (Participant 8, Paragraph 6)

Participant 9, a financial statements preparer, indicates that his primary source of understanding and applying new standards is through consultation with independent audit firms rather than directly engaging with the English texts of the standards or the TFRS documents initially.

"Well, it mostly works like this: Now that we're on the industry side, some audit firms audit us, so when a new standard comes up, we actually directly consult our audit firm... But sometimes, we need something we are already familiar with. Mostly, we refer to the POAAB documents." (Participant 9, Paragraph 9)

He further explains this preference is attributed to the ease of understanding, as the technical terms in English are challenging to grasp without proper translation and explanation. The participant's response highlights the importance of language and

clear communication in adopting and applying IFRS, highlighting the potential barriers that non-native English participants face when dealing with complex financial standards.

“To understand more easily, there are a lot of technical terms, and it is not very clear what they mean. Unless someone explains it to us, it is quite challenging to understand everything from the English text alone. This way, we understand more comfortably.” (Participant 9, Paragraph 13)

However, later in the interview, he states that when dealing with a complex and rare transaction, he must first check the English version to understand it and then find the Turkish equivalence.

“We read the English version, understand it, and discuss it, and so on. Then we find the Turkish equivalent of the same standard.” (Participant 9, Paragraph 23)

In a multilingual financial reporting context, this strategy emphasizes the importance of bilingualism. The English version of complex transactions serves as a basis for understanding the technical language and purpose of the standards. Afterward, the Turkish version is consulted to gain a deeper understanding and ensure the standard is applied appropriately within the cultural and contextual context.

Additionally, there is an alternate approach. Several participants emphasized that their specific job roles influence their standard preferences. For instance, Participant 10 heavily relied on English documents when working in the audit sector since they have them internally. However, after leaving the audit firm, he shifted towards frequently consulting Turkish sources. This change was motivated by the need to stay current with revisions and updates to existing standards. Such a transition highlights the necessity of balancing international and local practices and underlines the significance of accessing diverse sources to attain a well-rounded grasp of the field.

“After leaving the audit, I started using Turkish sources as well. I’m still following those sources a bit more to stay up-to-date, especially when revisions are made to the current standards or new additions are introduced. It started shifting more towards Turkish after I left there.” (Participant 10, Paragraph 12)

Participant 11, who was educated in English, tends to favor English versions of financial documents. This preference stems from her belief that it aids in better understanding the core principles. Her familiarity with English terms and concepts, a result of her educational background, makes the English versions more intuitive and simpler to understand. Nevertheless, she acknowledges a notable shift in her language preference when transitioning from auditing to taxation. This change is primarily driven by the practical need to interact more with Turkish sources, especially due to the challenges of the Tax Procedure Law. This evolution highlights how changes in professional roles and responsibilities can shape an individual's linguistic preferences and requirements.

“I look at the English versions. The reason for looking at the English versions is that I received education in English, so I can better understand the fundamentals. In fact, that’s why I also find it challenging when translating into Turkish... Well, when we were in audit, we used English, but when we switched to taxation, we started looking more into Turkish because of the Tax Procedure Law.”
(Participant 11, Paragraphs 3&7)

Participant 12's preference for using English standards stems from their belief that it is easier to find the equivalents of specific entries or terms in English. This preference indicates a comfort level with English that enables her to access and understand the original texts directly, likely leading to a more accurate interpretation of the standards. However, the participant also acknowledges situations where equivalents in English are not readily found or understood. In such instances, they turn to Turkish resources. This pragmatic approach reflects a flexibility in navigating between languages to ensure a comprehensive understanding of the standards.

“Well, honestly, I prefer English because I think I can find their equivalents more easily. But of course, there are times when I cannot find them. In these times, we look in Turkish. By equivalents, I mean... We have mappings. For example, what is the equivalent of a entry made in IFRS in Turkish standards. We call it mapping. I can say it like this”.
(Participant 12, Paragraph 11)

Participant 13 outlines her approach to navigating the complexities of financial

reporting standards, mainly when dealing with ambiguities. She primarily uses the TFRS available on the POAAB website, which is the official source for such standards in Türkiye. However, when faced with uncertainties, she cross-references these with the original IFRS pronouncements. This cross-referencing is done through easily accessible online resources, including the IASB and guidance from the Big Four accounting firms. This strategy reflects a diligent and thorough approach to ensuring a comprehensive understanding of the standards by consulting multiple authoritative sources.

“Well, first of all, I use the TFRS and TMS sets available under the accounting standards section on the POAAB website. If there’s any ambiguity, I simultaneously refer to the original IFRS pronouncements through Google, either from the IASB or the Big Four firms’ own guidance. I have not looked at it with the specific focus of our current research.” (Participant 13, Paragraph 9)

She further explains that the auditor’s engagement scope determines the set of standards to be followed, either TFRS or IFRS. If the engagement falls under the TFRS scope, auditors should adhere to POAAB’s rules and data sets. However, if it falls under the IFRS scope or involves preparing an English IFRS report, then auditors must follow the English standards and reporting guidelines, referring to the IAS and other relevant international publications. Participant 11 emphasizes that the choice between examining Turkish or English standards is not fixed but varies depending on the specific contractual obligations and the scope of the audit. This flexibility is essential for auditors who must navigate between different regulatory environments and reporting requirements. It highlights the importance of auditors being proficient in both sets of standards and understanding when and how to apply each one correctly.

“It can depend on the scope of the engagements. For example, when dealing with TFRS, auditors have to follow the rules set by the POAAB’s data and information sets. If the scope is TFRS, you proceed with the Turkish data published by POAAB. But if the scope is IFRS or if you’re preparing an English IFRS report, then I follow the English standards and reporting through foreign publications, English IASs, and reporting standards. It can vary entirely depending on the scope of the contract. The choice between examining Turkish or English

standards can change.” (Participant 13, Paragraph 11)

Participant 14 reflects a strategic and adaptable approach to work tailored to the nature of the task at hand.

“For the practical implementation, I rely on POAAB materials, but for theoretical and academic work, I use English texts.” (Participant 14, Paragraph 5)

However, further, she expresses a preference for English texts, stating that these provide a more accurate representation for understanding complex concepts, especially in academic research. This choice might likely stems from the precision and universality of English in academic discourse, which can offer a broader range of perspectives and more nuanced expressions compared to translations. By opting for English texts, she aims to access the original thoughts and ideas directly, thus ensuring a deeper and more accurate comprehension of the subject matter. This approach reflects a strategic and deliberate effort to overcome the limitations of translations, which might not always capture the subtleties and challenges of theoretical concepts. Her decision to use English texts in academic research shows a commitment to achieving clarity and depth in understanding, which is paramount in scholarly work.

“But apart from that, in order to truly understand the essence, especially in theoretical and academic work, English texts have provided a more accurate representation for me, so I used English texts in some academic research, as I mentioned earlier.” (Participant 14, Paragraph 7)

The insights from these interviews reveal a complex landscape where language preference in financial reporting is influenced by factors such as company ownership, professional role, educational background, and the specific nature of the task at hand. Professionals employ various strategies, from relying on authoritative sources in both languages to consulting with audit firms for clarity, demonstrating the nuanced and dynamic nature of language use in global financial contexts. This diversity in approaches highlights the importance of bilingual proficiency and strategic adaptability in navigating the challenges of financial standards across different linguistic and cultural settings.

5.3.2.2. *Perspectives on IFRS and TFRS*

In this section, participants' perspectives on whether IFRS and TFRS are considered to be the same or different are explained. Participant 6 recognizes a distinction between TFRS and IFRS. He draws parallels between these standards and how they are implemented by various groups that adhere to IFRS. However, it is crucial to note that this distinction does not solely stem from TFRS and IFRS being inherently dissimilar; rather, it arises from the fundamental nature of IFRS itself, which is principle-based. Because IFRS relies on judgment and allows for interpretation, individuals may exercise varying degrees of judgment, resulting in divergent perspectives on its application.

“Researcher: Do you think TFRS and IFRS are the same?”

Participant 6: No.

Researcher: Why do you think that is the case?”

Participant 6: ... our company is an American firm, 100% publicly traded in the United States... when I share financial statements from here with my counterparts abroad, the differences, alternative viewpoints, and different interpretations in those financials bring me to this point.” (Participant 6, Paragraphs 10-13)

Participant 7 states that the main difference between TFRS and IFRS lies in the classifications and taxonomy of cash flow.

“Since we are publicly traded at [Company A], we do SPK reporting. The only difference with IFRS is in the classifications and taxonomy of cash flow. Therefore, we still report according to TFRS. (Participant 7, Paragraph 6)”

Participant 7 believes that they align closely with their broader framework.

“I think TFRS and IFRS are generally the same in the broader framework. (Participant 7, Paragraph 21)”

Participant 8 acknowledges the nuanced differences between IFRS and TFRS, indicating they are not entirely equivalent. This understanding reflects a pragmatic view of accounting standards, recognizing that while they may aim for universal applicability, local adaptations and interpretations can create subtle but important

distinctions. This realization is crucial for professionals operating in international contexts, where they must navigate and reconcile these differences effectively. The participant's viewpoint highlights the complexity and non-uniform nature of accounting practices, challenging the notion of a one-size-fits-all approach to financial reporting.

"I cannot say they are 100% the same." (Participant 8, Paragraph 17)

Participant 10 discusses the relationship and differences between the IFRS and the TFRS. He acknowledges that while the standards are essentially the same and efforts have been made to translate them consistently, there are still some minor differences, particularly in terms of disclosures. The participant notes that these discrepancies might not significantly impact reporting overall, at least not in terms of profit and loss, based on their experience and research. However, they concede that for certain companies, especially where specific entries have a substantial impact, these differences between IFRS and TFRS could be more consequential.

The mention of TFRS being 'quite widespread' and mandatory reflects the adoption and importance of these standards in the Turkish accounting landscape. Participant 10 also refers to his practical experience with group reporting and preparing reports that include royalties from abroad, indicating a familiarity with complex international financial processes. This insight highlights the nuanced reality of working within a global financial framework while adhering to local standards, and the importance of understanding both the similarities and differences between international and national reporting requirements.

"Well, actually, they are the same standards; there is no difference between them. They have tried to translate everything the same way. They do translate the same standards, but there may be some minor differences as well. In TFRS, there can be extra disclosures compared to IFRS, or something disclosed in IFRS may not be disclosed in TFRS. But when you look at it, I cannot say that there is a significant impact on reporting in that regard. At least in my theses, I have not seen many significant changes in terms of profit and loss, but of course, it will have an impact on companies where the entries they make have a significant impact. We can say that TFRS is quite widespread. We do it because it

is mandatory. We used to do it, and now, where I work, we are still doing group reporting. We receive royalties from abroad, and we prepare those reports, and so on.” (Participant 10, Paragraph 30)

Participant 13 acknowledges that while she generally perceives TFRS/TMS and IFRS to be similar, there are likely differences, particularly in how terms are translated into Turkish. This observation is a realistic recognition of the challenges inherent in translating complex, technical language from one language to another. Her awareness of these potential discrepancies highlights the importance of being vigilant and critical when working with translated materials.

“Generally, I thought they were similar, not necessarily identical, but there could be differences, especially in the translation of words or terms into Turkish.” (Participant 13, Paragraph 9)

She further reflects on the expectation versus the reality of the alignment. She notes that while Türkiye is recognized by the IASB as a country that adapts and applies IFRS, there are notable differences in practice. She mentions that while some variations might be due to country-specific classifications or disclosures, other differences are more substantial. Beyond the broad standards, Participant 13 also observes variations in how certain financial elements are reported in TFRS versus IFRS, including financing expenses and income, as well as various other expense items. These differences extend to the footnotes of financial reports, where explanatory information might diverge.

“They should be, actually. Because on the IASB’s website, it says that Türkiye is a country that adapts and applies IFRS standards. It should be exactly the same. But, of course, while it should be identical to TFRS, there can be differences in some classifications, followed by disclosure and country-specific differences. In my opinion, it should be exactly the same, but unfortunately, there are differences in practice. For example, one of the most notable differences I’ve observed is inflation accounting. IFRS started being applied about a year ago, even one and a half years ago, starting from the reports of June last year. When it comes to IFRS, there’s a difference in the accounting for inflation compared to IAS 29, which is the Financial Reporting under IFRS.

These differences are not limited to just reporting standards; they also exist in the footnotes of the reports. For example, we can see differences in how financing expenses and income are presented in other income and expenses or in certain various expense items that are different in both IFRS and TFRS.” (Participant 13, Paragraph 13)

Participant 13’s perspective shows a broader issue faced by many countries that have committed to international standards but have variations in practical application. While some differences might be justified by country-specific circumstances, others may reflect gaps between the intended and actual implementation of the standards. Her detailed observations, particularly regarding inflation accounting, highlights the need for ongoing evaluation and potentially more robust mechanisms to ensure that the application of TFRS closely aligns with the international standards to which Türkiye has committed.

In parallel with this, Participant 14 believes that TFRS and IFRS are equivalent in terms of content.

“Of course, they are the same standards. TFRS is the Turkish-translated version of IFRS, in terms of their content... I observed that there was no difference in them, and the same texts were translated based on my own research.” (Participant 14, Paragraph 41-43)

However, while the content is the same, the process of translating and implementing these standards in a different language and legal context can introduce challenges, which will be discussed in the following section. Ensuring that the translated version accurately conveys the nuances of the original standards requires careful translation, adaptation, and continuous review.

5.3.2.3. Translation Process

The IASB oversees the translation of IFRS into multiple languages, involving representatives of the IFRS Foundation’s staff, professional translators, accounting firms, and other approved constituents (Kettunen, 2017). During the in-depth interviews, one of the participants mentioned his involvement in the translation process of IFRS into TFRS. Participant 14, a partner at an audit firm, explained his experiences in detail, and it can be breakdown as follows:

Formation of Translation Groups: As it is stated by the Participant 14, since

accounting has a specialized language with terminology, “*you could not simply outsource it to a translation agency*”. Therefore, the translation work began with forming groups within the POAAB. These groups were tasked with translating the IFRS and other international standards into Turkish.

“Now, POAAB was established. It was established in 2012 or 2013, around that time. The POAAB’s tasks include identifying companies subject to audit in Türkiye, monitoring whether audit firms are doing their job properly, and announcing the accounting policies to be applied. Now, if you consider IFRS, those thick books, they contain standards, guidelines, and such. There’s TFRS 1, 2, and AIS 10, 20, 30, 40, and many others. It is a collection of rules. Back then, translating it, the POAAB did not have the manpower, and you could not simply outsource it to a translation agency because it involves technical terminology. So, working groups were set up here at that time. When TFRSs were published, Turkish accounting standards were published, and these were shared among the audit firms, for instance.”
(Participant 15, Paragraph 14)

Working group included a mix of academics, auditors, and experts from the regulatory authority itself, the POAAB.

“Researcher: So, was it an environment with both auditors, academics, and practitioners, including CPAs? Who comprised your team?

Participant: There were professors, auditors, and experts from the POAAB itself.” (Participant 15, Paragraph 17-18)

The selection process is not known deeply, however the Participant expresses his experience as POAAB itself reached out to them.

“Researcher: Did you apply to be part of this work, or did they reach out to you?

Participant: They reach out to us. There’s an Independent Audit Association. Within this association, there are representatives from certain audit firms. Those representatives contact audit firms through the POAAB. We form a committee like this. They also extend invitations, asking if you would like to participate, and so on. Audit

firms already have many employees, and they participate in the work by assigning suitable individuals from within their ranks.” (Participant 15, Paragraph 21-22)

Division of Labor: Due to the technical nature of the content and the extensive volume of material to be translated, the work was divided among group members. For instance, if a standard was 30-40 pages long, it might be divided among 10 people, with each translating 3-4 pages. This division of labor ensured that the workload was manageable and that each section received focused attention.

“Let’s say you needed to translate a 30-40 page standard into Turkish. In that working group, there might be 10 people, and each person would translate 3 or 4 pages... Several people were working on a single standard at that time; for example, IAS 16 might be handled differently by two people. Of course, there could be 5 or 10 people working on it as well.” (Participant 15, Paragraph 14)

Review and Accuracy Check: After the initial translation, the work was reviewed to check whether the translations were following the English originals and whether they were understandable. This step was crucial to ensure both the accuracy of the translation and its usability for Turkish-speaking practitioners.

“Afterwards, all the translations made were reviewed to check whether they were faithfully translated from English to Turkish and whether they were understandable.” (Participant 15, Paragraph 14)

Lack of Taxonomy: There was no specific taxonomy or standardized term list used during the translation. Instead, individuals relied on their understanding of English and accounting to translate the content. This approach might have led to variations in how certain terms were translated, as individuals might interpret or understand terms differently.

“Researcher: Did you have a taxonomy in place? Like, this term means this, and that term means that?”

Participant: We did not. After all, if you know English and you know accounting, you understand what the IFRS in English is trying to convey, and then you translate that into Turkish. This is what was done by the committee, with 3, 5, or 10 people, or however many people were

involved.” (Participant 15, Paragraph 15-16)

Collective Decision Making: Changes to the translations, particularly concerning understandability, were made collectively. This collaborative approach allowed for a range of insights and perspectives to be considered, ideally leading to translations that were both accurate and user-friendly.

“Changes like ‘if we say it like this, it is understandable’ or ‘if we say it like that, it is understandable’ were made collectively.” (Participant 15, Paragraph 15-16)

However, Participant 14 does not sure about the involvement of translators after finalizing the translation of IFRS.

“... translation groups were formed within the board, and the translations were done... I do not know if they worked with translators after English language grammar corrections. I mean, I think the same process is still ongoing.” (Participant 14, Paragraph 39)

Publication by POAAB: Once the translations were completed and reviewed, they were published by the POAAB. These translations would then be the official Turkish versions of the international standards.

“Then POAAB would publish them collectively.” (Participant 15, Paragraph 15-16)

Updates and Revisions: The process did not end with the initial publication, it is supported by updates, and revisions. Before public institutions released a document, draft texts might be shared for consultation with professionals and the public, leading to discussions and revisions.

“Researcher: Were there any updates, revisions, or further work in this regard?”

Participant: In these efforts, there could be some joint work between the POAAB and audit firms. In fact, there was something recently, and I had participated in it, but I forgot the details. But yes, it does happen. Before public institutions release something, they sometimes share draft texts for consultation with the public. Then there are discussions and revisions, and it takes its final form accordingly.” (Participant 15,

Paragraph 19-20)

Despite the rigorous process, the participant noted that the quality of financial reporting in Türkiye is more influenced by factors like lack of budget for preparing financial statements, dependence on audit firms, and shortage of professionals knowledgeable about IFRS and TFRS, not because of the translation process itself. This highlights the need for ongoing training and professional development.

5.3.2.4. Translation Related Challenges

This section of the analysis examines the translation related challenges expressed by the participants in the in-depth interviews. On top of the three themes which is already determined in the focus group study, additional five themes are discovered.

The insights from these interviews reveal a complex landscape where many factors influence language preference in financial reporting. Professionals employ various strategies, from relying on authoritative sources in both languages to consulting with audit firms for clarity, demonstrating the nuanced and dynamic nature of language use in global financial contexts.

5.3.2.4.1. Equivalence

The insights provided by the participants reveal challenges in financial reporting, especially when specific concepts or terms lack direct equivalents in the target language. In these situations, professionals must adeptly manage the fine line between linguistic precision and practical comprehension. Participant 6 explains that when there are concepts or terms in financial reporting that do not have direct equivalents in the target language, people often try to find words for them. He emphasizes the natural tendency of language users to adapt when they encounter new concepts or ideas for which there are no existing words or terms in their language. When faced with the need to describe something unfamiliar, people make an effort to create or find a suitable word or term to fill that linguistic gap.

“When we try to use a word that does not exist in our lives, we try to find a word for it.” (Participant 6, Paragraph 31)

However, when we look back at the source text (English), we find that those who have been using this jargon for many years prefer not to change it.

“And if we go back to the source, those who have been using this jargon

for many years do not want to change it. I sometimes tease them like this: I say, ... For example, 'marş motoru' (starter motor). "Marş" is from French, it means "ignition". [Car mechanic] does not say 'ateşleme motoru' (ignition motor), he says 'marş motoru' (starter motor). These things do not have Turkish equivalents, do you understand what I mean?" (Participant 6, Paragraph 31)

This notion posits that the meaning of words is intrinsically linked to their use in the language. Words derive significance from the activities and forms of life that characterize their usage. In financial reporting, as Participant 6 elucidates, when practitioners encounter novel concepts or ideas lacking direct equivalents in their language, they engage in a linguistic process akin to Wittgenstein's language games. They creatively adapt, negotiating and establishing new terms to fill the linguistic void. This linguistic adaptation is not a mere matter of convenience, but a reflection of language is a dynamic, living entity continually evolving with human activities and societal changes.

Participant 10 suggests that for some terms, retaining the English word might be more practical rather than forcing a translation that does not quite fit. This approach acknowledges the global nature of financial terminology and the reality that some English terms are widely recognized and understood within the professional community, regardless of the primary language spoken. Keeping certain terms in English can ensure clarity and consistency across different languages and cultures.

"Or, if that does not work, we can keep some terms in English; we do not necessarily have to translate them into Turkish. But this is a general thing, I guess." (Participant 10, Paragraph 23)

Participant 8 discusses the challenges of conveying the full meaning of financial terms in Turkish. They mention that while in English, a concept might be described concisely, Turkish often requires multiple words to convey the same idea, leading to difficulties in translation.

"So, it can be far from giving the real meaning or they try to keep it brief. But in Turkish, there's no such ability. In such cases, men use five different words to explain the same thing. You try to explain it with one word, but sometimes it does not work. I've experienced these difficulties

so far.” (Participant 8, Paragraph 9)

Participant 10 expresses a common challenge faced by professionals working with complex, technical terms in a global context: the difficulty of finding precise equivalents for certain terms in different languages. Specifically, they mention ‘impairment’, ‘revenue recognition’, and ‘fair value’ as examples where the Turkish language lacks a perfect equivalent to the English terms. This lack of a one-to-one translation is not just a linguistic issue; it can have practical implications in understanding and applying these concepts accurately in a Turkish context. The participant’s concern indicates the importance of clear and accurate communication in financial and accounting practices, and the challenges that arise when language barriers prevent a direct translation of critical terms. It highlights the need for professionals in this field to have a deep understanding of the concepts themselves, so they can navigate and bridge these linguistic gaps effectively.

“For example, regarding ‘impairment’, that’s something that bothers me. Well, not bothers me, but it seems like there is not exactly an equivalent term in Turkish. It is not that I’m puzzled, but it is as if there is not a perfect Turkish equivalent. It is as if there is not a perfect Turkish equivalent. ‘Revenue recognition’ is another example. It feels like there is not a precise translation for it. I cannot say if the Turkish version is more or less useful since I already know the English. It feels like there’s no direct equivalent, for instance, ‘fair value’. It is as if there’s no direct translation for it.” (Participant 10, Paragraph 17)

Participant 14 highlights the complexities and nuances of translation, particularly how a single term can have multiple meanings that vary across languages. She uses the term ‘provisions’ as an example. In one translation, ‘provisions’ is associated with impairment, while in another, it is linked to provisions for liabilities. This disparity in interpretation can lead to confusion and miscommunication, especially in academic or professional contexts where precision is crucial. The situation is further complicated by the fact that in Turkish, the same term is used for both concepts, which could lead to misunderstandings when these terms are used interchangeably without context. This example highlights the importance of clarity and precision in translation and the need for a deep understanding of both the source and target languages to convey the intended meaning accurately. The participant’s observation reflects a broader

challenge in translation and cross-linguistic communication, where words carry different connotations and meanings that must be carefully navigated to ensure accurate and effective communication.

“There are conceptual differences due to words, for example, one term I clearly observed was ‘provisions’. One translation implies impairment, and the other implies provisions for liabilities. However, in Turkish, we have used the same term for both.” (Participant 14, Paragraph 7)

Participant 14 further explains a broader challenge of language in conveying specialized knowledge. When words do not have equivalents, it is not just a matter of finding the right translation; it is about bridging a conceptual gap. This requires a deep understanding of both the source language and the target language, as well as the specific domain to which the terms apply. For fields like accounting, where precision is important, the lack of equivalent words can pose a fundamental problem, as it impacts communication, understanding, and application of critical concepts. Since the concept has evolved in another accounting culture, it can be hard to find the equivalent terminology.

“This issue can also exist in accounting standards, as I mentioned earlier, like in the concept of ‘provisions’ or in defining an asset. In other words, the semantic expressions can often remain utopian in Turkish or within our document-based application area. You might then ask, what is the practical implication of this? Well, it means maintaining and providing an existing benefit in the future. I believe that these can have clearly explainable and detailed subcategories, which also increase the workload. This is the fundamental problem in my opinion.” (Participant 14, Paragraph 10)

She gives further examples:

“... the definition content related to the definition of assets. Regarding the concept of provisions, actually, there is a concept, a normal thing, like in IAS 37, there are two concepts, reserves and provisions. Two separate concepts. One is the provision used in assets, and the other is the provision used in liabilities. But in our text, we use the Turkish word

‘karşılık’ [provision] for both. So, what it actually means, like one is for impairment and the other is for purely aging, can only be learned by reading the content of the text. When you look at it, we use a single term in Turkish for both concepts. One related to assets, and the other related to liabilities. But in the text, they express it with two separate concepts. Apart from that, for example, valuing inventories.”
(Participant 14, Paragraph 16)

The practical implications of this linguistic gap can be significant. The participant notes that maintaining and providing an existing benefit in the future, a fundamental accounting practice becomes more complicated when the language does not support clear, detailed subcategories of these terms. As a result, professionals in the field must expend additional effort to ensure accuracy and compliance, increasing the workload and potentially leading to inefficiencies and errors.

5.3.2.4.2. Complexity in translation and interpretation

Professionals face significant challenges when concepts or terms in financial reporting lack direct equivalents in the target language. The process of finding or creating suitable words to fill these linguistic gaps is not straightforward and often involves a balance between maintaining technical accuracy and ensuring comprehensibility. Participant 10 observes that the translation of standards into Turkish is almost a one-to-one process, with even the standard numbers remaining the same. This close adherence to translation suggests a strong alignment between international and local standards, reflecting a desire for consistency and accuracy in the adoption of international practices.

“They are trying to translate it one-to-one, actually. I mean, everything is almost the same, even up to the standard numbers. I can even say they are identical.” (Participant 10, Paragraph

Participant 8 discusses the challenges of language and interpretation, especially when translating standards and concepts into different languages. This complexity can lead to variations in understanding and application, emphasizing the importance of careful and context-aware translation. The quote highlights the nuanced nature of language and communication within the field and the potential for misunderstanding arising from linguistic differences.

“Moreover, when you say the same word in that language, there may be a difference in interpretation, and translating it into a different language adds another layer of complexity. So, the word you use becomes important in this context.” (Participant 8, Paragraph 36)

Participant 8 further emphasizes the importance of understanding the spirit or meaning behind a translation rather than sticking to a literal word-for-word approach. They advocate for practical confirmation from those involved in the work, indicating that effective communication requires more than just linguistic accuracy; it requires contextual and cultural understanding.

“I believe that, to be more effective, it is important to discover the meaning within the translation rather than just translating word for word. Therefore, it is crucial to get practical confirmation from those who are involved in the work when making a translation.” (Participant 8, Paragraph 41)

While the IFRS Foundation’s translation policies typically mandate consistent use of target-language terms for each source-language term across various standards, this exact correspondence is not inherent and must be established during the translation process. The insistence on one-to-one term translation appears to be based on the assumption that these two terms in different languages represent the same concept in an external context (Kettunen, 2017). Participant 13 aligns with Participant 8’s view. He points out that a word-for-word translation approach can lead to ‘*semantic confusion*’. This occurs when the direct translation of words from English to Turkish does not effectively convey the intended meaning.

“Sometimes, when we try to translate word-for-word from English, we can experience a semantic confusion, unfortunately.” (Participant 13, Paragraph 20)

This semantic confusion can have multiple reasons. Accounting standards contain specific jargon and complex concepts that may not have direct or simple equivalents in other languages. This technical nature makes it challenging to find appropriate translations that retain the exact meaning and implications of the original terms (see Equivalence and Specialized Language). Languages differ not only in vocabulary but also in grammar, syntax, and idiomatic expressions. A concept expressed directly in

English might require a more elaborate explanation in Turkish, or vice versa, to convey the same meaning effectively (see Equivalence and Translation Loss). Words and phrases can carry unique cultural connotations and context-specific meanings. These aspects might be lost or misunderstood in the translation process, leading to interpretations that diverge from the original intent (see Translation Loss).

Given these complexities, translation and interpretation in specialized fields like accounting are not merely linguistic exercises but require a deep understanding of the subject matter and the specific contexts in which the terms are used. This complexity necessitates a collaborative approach involving linguists, subject matter experts, and practitioners to ensure that translations are accurate, consistent, and meaningful for the intended audience (see Active Participation). It also highlights the importance of ongoing review and adaptation of translated materials to address any ambiguities or misinterpretations that may arise.

Continuing to this theme, Participant 8 shares a personal experience to illustrate the importance of conveying the true meaning, even if it requires more words or sentences than the original. This insistence on clarity and accuracy over brevity or direct equivalence highlights the complexities of language and the responsibility of the translator to ensure true understanding.

“I could not convey the subject. I was trying to stick to an academic translation. Then I stopped and realized that in the document’s sense, it should be expressed in the way it needs to be. Perhaps I explained one of her sentences in three sentences, but I conveyed what it truly meant. Like that. They need to let go of that concern. They need to make the expression in a way that fully conveys the meaning. Understand, if it is a sentence, instead of trying to translate it within a single sentence. Yes, if it does not work, you make it two, and if it still does not work, you make it three, my friend. But you need to provide exactly what needs to be done.” (Participant 8, Paragraph 41)

The participant discusses the general approach to translating literature, noting that while the trend is to adhere closely to the original, there can be variations in length and format between the source and target languages. He acknowledges that translations might require expansion or condensation to convey the same meaning effectively in

Turkish. This reflects an understanding that effective translation is not just about converting words but also about adapting content to fit the linguistic and cultural context of the target audience.

“In general literature translation, we are trying to adhere strictly to those sentences. Maybe we will describe it in two paragraphs instead of one paragraph. Or they may describe it in one paragraph, and we may do it in a shorter way. What we say might be shorter in Turkish, but generally, the trend is like that. As I said, everything, even down to the numbers, everything is the same. All the details of the standards are the same. It has that approach.” (Participant 10, Paragraph 23)

Participant 14 highlights the inadequacy and potential meaninglessness of certain expressions within the translated version. This suggests that the Turkish translation, when standing alone, lacks the clarity and precision necessary for understanding complex concepts, likely due to literal translations that fail to capture the nuanced meaning of terms or the absence of equivalent expressions in Turkish. The mention of ‘expressions that meant nothing’ points to a disconnect between the original content and its translated counterpart, where the essence and contextual relevance of the concepts have been lost. This reflects the broader challenge of effectively translating specialized terminology and the critical need for translations that are not only linguistically accurate but also contextually and conceptually aligned with the source material, ensuring that they are comprehensible and meaningful to the intended audience.

“What’s interesting is that in English, we can somewhat understand what it means, at least for individuals with a certain level of English proficiency. But imagine reading the Turkish text without the English part. There were expressions that meant nothing, for example.” (Participant 14, Paragraph 14)

This discussion highlights the need for translations to not only be linguistically accurate but also contextually meaningful, ensuring that complex concepts are fully understood by the target audience.

5.3.2.4.3. Grammatical Structure

The challenge of translating specialized financial terminology is compounded by differences in grammatical structure between languages. Participant 14 posits that Turkish, in comparison to English, is limited in its alphabet and word structure. This statement suggests a perception of Turkish as having fewer linguistic components or variations than English, which might be seen as restricting its expressiveness or the range of concepts it can convey. Such limitations could potentially affect the language's ability to represent complex or nuanced ideas, particularly those encountered in academic or technical fields.

“You see, Turkish is a very limited language in terms of its alphabet and word structure compared to English.” (Participant 14, Paragraph 10)

It is important to note that while each language has its unique characteristics and capabilities, the perception of limitation is often subjective and can be influenced by the participant's experiences, especially in academic contexts where English predominates. The statement reflects a viewpoint that, for certain purposes or disciplines, English provides a more flexible or comprehensive linguistic toolkit than Turkish.

5.3.2.4.4. Translation Loss

Participants note that direct translations can lead to semantic confusion or loss of meaning, particularly when technical terms lack direct equivalents. Participant 7 believes that analyzing data in its original language reduces the risk of losing meaning in translation, implying that reports prepared with support from foreign, likely English, sources might have a qualitative edge over those relying solely on Turkish sources. This highlights the importance of language proficiency and access to original texts in ensuring the accuracy and integrity of financial reporting.

“Researcher: But do you think there is a quality difference between financial reports prepared by those who only know Turkish and rely on Turkish sources, and those like you who prepare reports supported by foreign sources? Does it affect quality?”

Participant: I think it is influential. Because analyzing data in its original language, there's less lost in translation. I believe it has an

impact. (Participant 7, Paragraph 27-28)”

Participant 7 reflects on the challenges of translating specific financial terminology from English to Turkish, admitting that they sometimes do not know the Turkish equivalents due to their routine use of English. She provides examples like *‘faithful representation’* and *‘materiality’*, indicating a potential disconnection or *‘lost in translation’* moment for professionals who operate primarily in English. This emphasizes the dominance of English in their professional environment and how it influences their understanding and communication, even when attempting to revert to their native language.

“I am thinking of a specific word right now. Because we always do it in English, we do not know the Turkish equivalent, so we are lost. Yes, now I am thinking. For instance, terms like ‘faithful representation’ or ‘materiality’. Because sometimes we do not even know the Turkish equivalents. Yes, yes. For instance, right now, I would say materiality is ‘önemlilik seviyesi’ [significance level] in Turkish, I guess. That’s really the case.” (Participant 7, Paragraph 30)

Participant 10 acknowledges the inherent complexities and potential shortcomings in directly translating specialized terms from one language to another, in this case, within the context of accounting and auditing standards. He expresses uncertainty about the magnitude of the impact but affirms that some degree of meaning or nuance is inevitably lost in translation. This statement reflects a critical understanding of the translation process and its limitations, particularly in fields where precision and nuance are paramount. The participant’s hesitance to declare the effects as *“incredibly significant”* suggests a balanced perspective, recognizing that while translation loss is a real and present issue, its impact on the overall understanding and application of standards may vary. This insight highlights the need for careful consideration and possibly the development of new terms or concepts that better capture the original meaning in the target language.

“I mean, a direct one-to-one translation might not be correct. Maybe we can talk about an issue there. I cannot say for sure that there are incredibly significant effects. Actually, I cannot say that, but there are definitely losses during the translation process.” (Participant 10,

Paragraph 17)

He acknowledges that while the impact of translation on understanding might not be incredibly significant, there is still a potential for loss of meaning or altered perception, particularly when it comes to terms like ‘*impairment loss*’. They note that in Turkish, this is translated as ‘*değer düşüklüğü kaybı*’, which might carry a more negative connotation to a Turkish-speaking person than to an English-speaking person. The participant suggests that while such translations might be technically correct, they can lead to dramatic interpretations and potentially more negative perceptions among Turkish participants. This is especially relevant in the context of financial reporting under IFRS, where a prudent approach is encouraged.

“I do not think it affects it [quality in financial reporting] incredibly significantly. Of course, there may be some loss of meaning. Like I said, for example, in the case of impairment loss, we translate it as ‘değer düşüklüğü kaybı’. Maybe it is correct, maybe there is not a better translation for it. Some words or terms may not be fully translatable between languages, but someone reading it in Turkish might approach it as if something negative has happened. But on the other side, it is just a routine recording; it happens. It is a recording that we can see in a section or a footnote in any company, actually. But such dramatic translations can occur and have a negative impact. Maybe it causes a different perception.” (Participant 10, Paragraph 28)

He further addresses a confusion arises when working with parallel Turkish-English financial reports. He notes that while reading these reports, certain terms or translations might cause uncertainty or lead to questions. This situation likely stems from the nuanced differences between languages, especially when dealing with specialized terminology and concepts in financial reporting. However, Participant 10 indicates that these instances of confusion are generally not significant disagreements but rather points of clarification that can be resolved through inquiry and discussion.

This approach of actively seeking clarification and engaging in dialogue to resolve uncertainties reflects a proactive and collaborative problem-solving attitude. It also highlights the importance of open communication in a multilingual work environment. By acknowledging the potential for confusion and addressing it through asking and

clarifying, the Participant 10 and their colleagues are able to maintain accuracy and understanding in their work with financial reports. This practice is important in ensuring the integrity and reliability of financial information, particularly in settings where stakeholders from different linguistic backgrounds use reports.

5.3.2.4.5. Specialized Language

Accounting primarily exists within Language for Specific Purposes (LSPs), encompassing specialized terminology crafted for various fields of expertise, like medicine or engineering (Evans, 2018). There are many specialized and precisely defined terms, particularly evident in the formulation and negotiation of terms for IFRS (Kettunen, 2017). Participant 14 acknowledges that while translations of accounting standards into Turkish include complex expressions that may seem complicated, it is essential to recognize that accounting inherently possesses its complex terminology. This specialized language, while potentially intimidating, is a fundamental aspect of the profession and is crucial for precise and effective communication within the field. Using older, established Turkish accounting terminology is not necessarily a disadvantage in terms of maintaining the profession's integrity and continuity. These terms are part of the professional lexicon that practitioners are accustomed to and rely on for clarity and precision. However, she also notes a significant drawback: comprehensibility. While the use of established terminology might maintain professional integrity and continuity, it may also render the information less accessible, especially to newcomers or those outside the immediate field of accounting. This tension between professional precision and general accessibility is a critical consideration in the translation and adaptation of international accounting standards.

“Well, there are such expressions in the translations, but accounting users, whether they are practitioners, regulators, or others, actually have a terminology that belongs to accounting. Accounting has its own terminology, which is a bit complex and makes it look difficult. So, I do not think that using older terminology in Turkish translations is a disadvantage in that regard. In terms of comprehensibility, I think it had a disadvantage.” (Participant 14, Paragraph 32)

Participant 11 discusses the challenges they face with the use of archaic or complex

terminology in Turkish tax and accounting language. She mentions struggling with understanding and applying terms like *'borç'* (debt), and *'alacak'* (credit) indicating that the conventional usage and translation of these terms into Turkish can be counterintuitive or confusing. Furthermore, Participant 11 notes that even basic concepts like the vendor and customer side can feel reversed when translated into Turkish, adding to the confusion. As a coping mechanism, she mentions relying on rote memory rather than fully understanding the logic behind the terms. This reliance on memorization over comprehension might be a common strategy among professionals who face similar linguistic challenges.

“Firstly, in Turkish, it is sometimes used in a very archaic way, especially on the tax side. I’ve been using tax terminology more recently. Understanding terms like ‘borç’ (debt), ‘debit’, ‘kredit’ (credit), and how they can be applied took me a long time. You sort of go by rote memory after a point. They say it in their own way without much logic. Even the vendor and customer side is a bit confusing. Actually, it feels like it should be the opposite when you think in Turkish. But you continue without questioning too much. We need to rely more on rote memory.” (Participant 11, Paragraph 14)

Participant 11 further expresses frustration with the translation and interpretation of certain financial terms from English to Turkish, particularly regarding VAT treatments and the fundamental accounting concepts of *'debit'* and *'credit'*. She suggests that these translations, which equate *'debit'* with *'borç'* (debt) and *'credit'* with *'alacak'* (receivable), stem from an outdated perspective that no longer aligns with modern usage or understanding of these terms. This mismatch leads to confusion and complications in financial practices.

“And for me, there is a significant difference in VAT treatments. I think it is unnecessary to reduce this to a single thing and make it so complicated. Or why should ‘debit’ be equivalent to ‘borç’ (debt) in Turkish, and ‘credit’ be equivalent to ‘alacak’ (receivable)? I mean, according to current Turkish, I think they were translated from a very old perspective. That’s my primary logic. Maybe they thought that way back then, but according to today’s logic, ‘debit’ should not represent ‘borç’. Because, in the current sense, ‘borç’ is not like that. So, I think

it should be something that can be adapted to today's Turkish to avoid confusion in meaning.” (Participant 11, Paragraph 50)

Participant 11's reference to the current sense of 'borç' not aligning with 'debit' indicates a deeper issue where historical translations do not reflect contemporary meanings or practices. She advocates for an adaptation of these terms to today's Turkish, suggesting that a more intuitive and relevant translation would reduce confusion and make financial concepts more accessible. This perspective highlights the importance of language in financial communication and the need for continual re-evaluation and updating of terminology to ensure it remains clear, relevant, and reflective of current practices and understandings.

Participant 11's point, who was recently a student, also supported by an academic. Participant 14 elaborates on the linguistic limitations she perceives in Turkish, particularly in the context of teaching financial accounting. In English, these terms have precise meanings that are essential for understanding financial transactions. However, when translated into Turkish as 'borç' (debt) and 'alacak' (credit), Participant 14 notes that the terms lead to conceptual confusion among students. This confusion likely arises because, in everyday Turkish, 'borç' and 'alacak' are commonly understood in the context of owing money or being owed money, which does not fully encapsulate the more nuanced financial meanings of 'debit' and 'credit'.

“For example, let me explain this. I teach basic financial accounting until we get to the standards. When we talk about a change in an account, we use the terms 'debit' and 'credit'. This leads to a serious conceptual confusion because students here tend to perceive it as the company owing money or being owed money. However, 'debit' and 'credit' are the translated versions of the English terms. When I explain this in English, we can clearly express their equivalents. But when I explain it in Turkish as 'borç' and 'alacak', it does not convey the same meaning.” (Participant 14, Paragraph 10)

In conclusion, the use of specialized language in financial reporting is a fundamental aspect of the profession. However, translating this language poses challenges, particularly when traditional terms in Turkish may not fully align with modern practices or understanding. The need for new terms or concepts to accurately convey

complex financial concepts in Turkish is highlighted as a way to improve comprehension and application.

5.3.2.4.6. Correct Concept Expression

Another challenge in finding appropriate translations for technical terms arises when there is no equivalent concept in the target culture, necessitating the creation of a new term or the adoption of a loan-word when importing the concept (Evans, 2018). Participant 10 suggests that the process of translating complex accounting terms might necessitate the creation of entirely new terms or concepts in Turkish. This indicates an awareness that direct translation might not always capture the nuances of the original term, and a more creative, thoughtful approach might be required for accurate and effective communication.

“I mean, maybe it is necessary to create a new term. It might be necessary to create a new concept. I do not know.” (Participant 10, Paragraph 17)

Participant 10 discusses the challenges and limitations of direct translation in the context of specialized financial terminology. They suggest that instead of attempting a one-to-one translation, which might not always capture the nuances of the original term, there might be a need to coin new terms that better reflect the concepts in the target language. This approach would require a collective effort from the professional community to develop terms that are both accurate and understandable.

“They are trying to translate it directly. Maybe there’s a possibility that a new term needs to be coined there. Of course, I do not think I’m at a level to make such interpretations, but instead of trying to translate it one-to-one, ultimately, a large community can come up with something.” (Participant 10, Paragraph 23)

The fundamental problem, as identified by the Participant 14, is the inefficiency and potential for error that arises when trying to express these concepts correctly in a language that lacks direct equivalents. This is not just a matter of finding the right words but also about ensuring that the full meaning, nuances, and applications of these terms are accurately captured and conveyed. Participant 14’s wish for a language that adapts to the existing Turkish terminology and application area without losing the essence of the original concept reflects a desire for a more effective and efficient means

of correct concept expression. Instead of relying on direct translations from English to Turkish, which can lead to losses in meaning and clarity, the participant envisions a language that is tailored to the Turkish context. This would involve a sophisticated process of adaptation, where the unique characteristics of Turkish accounting practice are considered and integrated into how these concepts are expressed and understood.

“I believe that these can have clearly explainable and detailed subcategories, which also increase the workload. This is the fundamental problem in my opinion. I wish instead of directly translating from English to Turkish, a language could have been adapted to our existing terminology and application area without losing its essence. Maybe we would have made significant progress in accounting standards today.” (Participant 14, Paragraph 10)

The challenges of translating complex accounting terms highlight the need for innovative approaches, including the creation of new terms or adapting the target language to better capture the essence of original concepts. This also aligns with Zeff’s (2007) observation that, when an accounting concept is introduced into an accounting culture where it is entirely foreign, it will remain incomprehensible, regardless of the terminology used to convey it.

5.3.2.4.7. Can Portray a Negativity

Participant 10 highlights a significant issue that can arise from language barriers and different educational backgrounds: the potential for misinterpretation and the assignment of unintended connotations to technical terms. The example given is the term ‘impairment’, which, in an auditing context, may not carry a highly negative connotation but could be perceived as more severe by someone less familiar with the term in English. This misunderstanding could lead to resistance or conflict between parties, illustrating how language nuances and professional jargon can impact communication and perceptions within the business.

“We can ask how these issues might lead to problems in terms of understanding between someone who has progressed with Turkish literature and someone who has learned everything from English, for example. Maybe when someone from the audit side talks about ‘impairment’, the person on our company side might perceive it as a

very negative thing and resist it. But it is not that bad of a recognition.”

(Participant 10, Paragraph 17)

Participant 8 recalls an experience with a colleague who had witnessed the ‘*accounting reality*’ from a unique perspective. This individual had used a particular sentence in their description or report that, according to the participant, added a layer of negativity on the subject at hand and ‘*suspend the job a little more*’. This suggests that the language used had the potential to pause or slow down a process, perhaps by raising doubts, concerns, or questions. He perceives this as portraying a ‘slightly more negative identity’ to the situation. This is a poignant reminder of how language can color perception, especially in fields like accounting, where objectivity and clarity are highly valued.

“I mean, he had seen the accounting reality from a different perspective. He had used a sentence that would suspend the job a little more, that would portray a slightly more negative identity. I had that negativity removed.” (Participant 8, Paragraph 14)

Recognizing the impact of this negativity, participant took action to have it removed. This decision reflects a keen awareness of the power of words and the importance of maintaining a certain tone or perspective in professional documentation or communication. It is not merely about censoring or altering information but about ensuring that the language used accurately and constructively reflects the reality of the situation.

5.3.2.4.8. Concerns on Translation Quality

The variances in English language proficiency underscore the critical importance of high-quality, timely translation for the implementation of IAS/IFRS and accounting changes (Larson and Street, 2004). The reflections of Participant 8 bring to light significant concerns regarding the translation quality of financial documents, emphasizing the crucial role of language proficiency and subject matter expertise in ensuring accurate and reliable translations. He expresses a concern that not knowing the relevant foreign language well might lead to inaccuracies or issues in the translation process.

“I may not be able to speak based on a lot of data there. Who did [the translation] it is essential. People who are involved in these

commissions, I do not know the names of all the university members or whoever they assigned, but their lack of proficiency in the foreign language might be a problem.” (Participant 8, Paragraph 9)

The participant’s questioning of the level of comprehension in reading reports in a foreign language points to the variability in language proficiency among professionals. This variability can lead to misunderstandings which can have significant implications, including errors and misinterpretations in professional applications.

“I mean, yes, they read the reports in a foreign language, but how much have they understood from that foreign language they read?” (Participant 8, Paragraph 46)

Participant 8 highlights a significant issue where individuals who lack knowledge and understanding of the subject matter are assigned to translate important documents. This lack of expertise can lead to inaccuracies and misinterpretations in the translated material, potentially affecting the quality and reliability of the information conveyed.

“But the biggest thing that happens to us is that even people who really do not know what the subject is are assigned to do translations for them.” (Participant 8, Paragraph 9)

He is concerned about sworn translators who might not have a deep understanding of the subject matter. They suggest that such translators might rely too heavily on direct dictionary translations, which can lead to inaccurate or misleading interpretations.

“Even if it is a sworn translator, because they do not know the subject, they try to make a translation based on the first thing that comes to their mind with the dictionary meaning.” (Participant 8, Paragraph 9)

Participant 8 touches on the impact of relying on inadequate translations in professional practice. The suggestion that such reliance can lead to varied interpretations and potential misunderstandings highlights the interconnectedness of accurate translation with professional efficacy. In fields where precision is crucial, like finance and accounting, the quality of translation directly influences the clarity and reliability of information, shaping professional judgments and decisions.

“It does affect, of course. When you are professionally engaged in the field, and you rely on that translation, you can come up with a different

interpretation.” (Participant 8, Paragraph 12)

The insights provided by Participant 8 call for a heightened awareness of the importance of expertise in both language and subject matter in the translation of financial documents. This dual expertise is essential to ensure that translations not only convey the correct linguistic meaning but also accurately reflect the underlying financial concepts. The quality of translation in financial reporting and documentation is not merely a linguistic issue but a matter of professional integrity and accuracy, impacting the clarity and reliability of financial information in a global context.

When it comes to the Turkish translations, Participant 13 notes the presence of minor differences or errors. This is a critical point, as even slight deviations in translation can lead to significant misinterpretations in a field where precision is key as highlighted by Participant 8. The example given about the carrying amounts of inventories illustrates this issue. In English, the concept is clear and straightforward, but the Turkish translation appears to introduce complexity, potentially obscuring the original meaning. This difference in clarity between the two languages can be attributed to various factors, including the inherent challenges of translating technical terminology and the possible differences in linguistic structure and expression between English and Turkish.

“Of course, when we read and apply the standard in English, we feel more confident and secure. In Turkish translations, there can be minor differences or errors. For example, in the translation part related to carrying amounts of inventories in the standards, it is more understandable in English, while in Turkish, it is explained in a somewhat more complex way. Sometimes, when we try to translate directly from English, we can experience a confusion of meaning, unfortunately.” (Participant 13, Paragraph 15)

In summary, these observations reflect the challenges inherent in the translation of technical and specialized materials, like accounting standards. They highlight the need for accurate, nuanced translations that maintain the integrity of the original text while being comprehensible and relevant in the translated language. This is crucial in ensuring that professionals who rely on these translations can apply the standards correctly and confidently in their work.

5.3.2.5. Adoption and Implementation Challenges

This section of the analysis examines the adoption and implementation challenges expressed by the participants in the in-depth interviews. On top of the four themes which is already determined in the focus group study, additional three themes are discovered.

5.3.2.5.1. Bureaucratic

In this section, adoption and implementation challenges associated with the bureaucratic theme are analyzed.

5.3.2.5.1.1. Translation Timeliness

As it is also mentioned in the focus group study, the challenge of translation timeliness in financial reporting highlights a critical gap in accessing up-to-date Turkish documents for international accounting standards like IAS 39, as noted by Participant 9. He points out that as their organization prepares to implement IAS 39, they actively search for high-quality Turkish documents to enhance their understanding of the concept. However, they express a notable concern regarding the shortage of such quality resources. Additionally, they express uncertainty about whether there are translations provided by the POAAB, indicating a potential need for more readily available Turkish versions of relevant documents.

“Yes. I think the biggest problem we face right now is this. Let’s take inflation accounting, for example... Now, IAS-39 is going to be applied to our IAS-40 related accounts. It is being applied on the market side. Right now, if I search the internet, I probably cannot find any quality Turkish document related to IAS-39. None. I do not know if there is a POAAB translation.” (Participant 9, Paragraph 27)

Participant 13 highlights a significant issue with the translations of financial reporting standards: they are not always current. She notes that the translations she has encountered were done several years prior, possibly around eight years ago. Financial standards, however, are not static; they evolve over time with changes in the business environment, regulatory landscape, and professional best practices. New interpretations emerge, and standards are regularly updated to reflect these changes. The lag in updating translations can lead to several issues. Professionals relying on these translations may be working with outdated standards, which can lead to

inaccuracies in reporting and potentially non-compliance with current regulations. As standards evolve, so do their interpretations. An outdated translation might not capture these nuanced shifts, leading to misinterpretations of the requirements. For auditors and accountants, working with outdated standards increases the risk of errors, which can have professional and legal consequences.

“These translations are not necessarily up-to-date. As far as I have seen, these translations were made a few years ago, maybe about 8 years ago, and standards can change, and interpretations can change. They can convey the changes and interpretations.” (Participant 13, Paragraph 15)

Participant 13’s observation emphasizes the importance of maintaining up-to-date translations of financial standards, especially in a dynamic field like accounting and finance, where staying current is crucial for accuracy and compliance. It also reflects a broader challenge in the global application of standards: ensuring that translations keep pace with the original text’s changes, interpretations, and updates. This situation calls for a systematic approach to regularly review and update translations, ensuring that professionals have access to the most current and accurate information.

5.3.2.5.1.2. Difference between IFRS and Local Tax Laws

The discussion among participants highlighted the challenges faced by companies in Türkiye while attempting to comply with both IFRS and local tax laws. Participant 9 acknowledges the complexity that arises when IFRS intersect with local tax laws. These local laws can differ significantly from the principles and requirements outlined in IFRS, leading to potential conflicts or dual compliance requirements for companies operating in Türkiye. Due to these complexities, companies often need to seek specialized consulting services to navigate the intersection of IFRS and local tax laws.

“Maybe we are talking about standards, but in Türkiye, of course, there is a tax procedure law in place. So, IFRS may not be able to answer your questions in this field. And you may need to get consulting services related to their intersection.” (Participant 9, Paragraph 33)

Participant 8 discusses the introduction of temporary Article 398 in the context of IAS 29 and revaluation, highlighting the contradictions and accommodations made within the local regulatory framework. This discussion points to a complex interplay between

international standards and local regulations, where adjustments and compromises are often made to balance various needs and interests. It reflects the dynamic and sometimes conflicting nature of aligning global standards with local practices.

“Now, in 2021, the conditions were met, and the application was postponed, but instead, they introduced temporary Article 398 in the tax procedural law on the back end. Now, I will not say something untrue. There, by introducing the revaluation institution, they allowed some things to be done, although not 100% naturally. But not as IAS 29, of course.” (Participant 8, Paragraph 24)

Participant 11 acknowledges the inherent differences between IFRS and Turkish accounting standards, which can lead to complexities for clients compliant with IFRS. She describes a process where, at the end of the month, discussions with managers involve referencing IFRS and interpreting it to make appropriate entries. Participant 10’s role involves observing these processes, indicating their exposure to the practical application and reconciliation of these differing standards. This quote reflects the challenges professionals face in navigating multiple sets of standards and the critical thinking and interpretation required to align them with specific business contexts.

“Here’s how it works: IFRS and Turkish accounting standards are different to begin with. So, if you have clients, and if they are IFRS-compliant, at the end of the month, you sit down with the managers and look at what’s in that law. You open the IFRS and refer to it. Then, you interpret it in your own way, and you need to make entries accordingly. So, I just observe during those processes.” (Participant 11, Paragraph 9)

Participant 11 discusses the conflicting approaches between IFRS and the Turkish tax procedure law, particularly in the context of provisions for doubtful debts. They note that while IFRS has its own guidelines, the Turkish tax system’s focus on maximizing collection often leads to calculations based on the highest possible risk scenario. This discrepancy forces companies to prioritize the tax procedure law over IFRS due to its direct implications on taxation. Participant 11’s experience illustrates the tension between international accounting standards and national tax laws, and how this tension impacts financial decision-making and reporting within companies operating in

Türkiye.

“But this is actually a matter of interpretation. It is because different things are reserved for the government. Here, the tax system is more about collecting the maximum, so we try to calculate based on the highest possible scenario. We assume that the customer poses a risk and we aim to pay the maximum. So, is the doubt regarding the provision for doubtful debts that we look at? Is it in IFRS or in the tax procedure law? But due to the conflict in the tax procedure law, we are actually following the tax procedure law, not IFRS.” (Participant 11, Paragraph 35)

Participant 11 summarizes the dual approach taken in Türkiye based on the nature of the company. For companies operating solely within Türkiye, compliance with the tax procedure law is paramount. However, for international companies, adherence to IFRS becomes necessary. This duality reflects the practical realities of operating in a global business environment, where companies must navigate and comply with multiple regulatory frameworks. Her point emphasizes the need for professionals to be versatile and well-versed in both sets of standards to ensure accurate and lawful financial reporting and practices.

“If the books are kept in Türkiye, we do it according to the tax procedure law. But if the company is international, we have to follow IFRS.” (Participant 11, Paragraph 35)

The challenges raised by participants highlight the difficulty of reconciling global financial reporting standards with local tax laws. This demonstrates the delicate balance necessary to meet both international and national compliance requirements.

5.3.2.5.1.3. Tax Based Mindset

The Tax Procedure Law forms the backbone of Turkish tax law and accounting practices, deeply influencing the way financial reporting and taxation are understood and implemented in Türkiye. This rule-based mindset is characterized by a strong emphasis on compliance with established, often rigid, national regulations and procedures, which have been tailored over the years to meet the country’s specific tax and reporting needs. The tax-based mindset, deeply ingrained in Turkish financial reporting practices, presents a significant barrier to the full adoption and integration of

TFRS, as articulated by participants.

Participant 8 discusses the transitional challenges in business practices, particularly relating to the adoption of standards and the influence of tax concerns. This perspective highlights the tension between the theoretical ideals of standard application and the practical realities of business operations. The mention of overlooked elements within the standard due to tax concerns suggests a pragmatic, sometimes selective approach to standard implementation. This approach reflects a broader issue where regulatory compliance is balanced with financial and operational considerations, illustrating the complexity and sometimes conflicting priorities professionals must navigate.

“There is a matter of experiencing a transitional phase in our way of doing business, and as a result, even though the standard says that all the elements within the standard should be applied at once, some points are still overlooked somewhat due to tax concerns.” (Participant 8, Paragraph 20)

Here, Participant 8 reveals a disconnection between published standards and actual business practices. Companies often maintain different sets of financial records: one for audit and compliance purposes and another for internal use. This quote highlights the pragmatic, sometimes superficial application of standards, where companies do the minimum required for compliance rather than fully integrating the standards into their everyday financial practices. This behavior can lead to a lack of transparency and potential misunderstandings about a company’s financial health and practices.

“But even though the standard is published and says that accounting for medium and large-scale companies should be done accordingly, companies are not doing it. Only when preparing the auditor’s report and creating an IFRS-compliant report do they calculate and record the missing items on the report, make their adjustments, and prepare the report accordingly. However, those financial statements are only kept in the audit report.” (Participant 8, Paragraph 20)

Participant 14 identifies a significant source of resistance to the adoption of TFRS among professionals who have built their careers on the established authoritative structure of the Tax Procedure Law. This resistance stems from a preference for the familiarity and comfort of the Tax Procedure Law regulations, which these

professionals find more readable and understandable compared to the new TFRS model. She suggests that this resistance is not merely a reluctance to change but is rooted in the professionals' deep understanding and mastery of the existing system, which has been the foundation of their careers.

Participant 14 implies that the transition to TFRS represents a significant shift that requires professionals to move out of their comfort zones and adapt to a new set of standards that they might not fully understand or trust. The comfort and readability of the Tax Procedure Law financial statements, as perceived by these professionals, are likely due to years of experience and familiarity with the system, which makes the prospect of adopting a new model daunting and, to some extent, unwelcome.

“Because these are professionals, and they have built their careers on the authoritative structure of Tax Procedure Law, and they are still a group that resists TFRS today. And due to this resistance, they found the financial statements related to Tax Procedure Law regulations more readable and understandable, at least because of the comfort zone provided by what they knew, as a result of their resistance to something they did not know, compared to a new model.” (Participant 14, Paragraph 22)

Here, we mention about the ‘*internalization*’. Türkiye has already a rule-based tax-oriented culture, and the professionals with Tax Procedure Law experience were more comfortable in Tax Procedure Law reporting, because they internalized this already. This situation highlights the challenges of implementing new standards and practices in any field, particularly those as complex and foundational as financial reporting. The resistance highlighted by the participant reflects a broader issue of change management and the human tendency to prefer known systems over new, unfamiliar ones. It also emphasizes the importance of addressing the concerns and needs of the professionals who are expected to work with these new standards, providing them with the necessary training, resources, and support to understand and embrace the new system. Without such support, the transition to new standards like TFRS can be met with ongoing resistance, hindering the intended improvements in financial reporting quality and comparability.

Participant 14 acknowledges the rationale behind adopting international standards —

to standardize and enhance the comparability and understandability of financial reporting on an international scale. However, they point out the practical difficulty in fully transitioning away from Tax Procedure Law -based reporting due to the enduring tax implications and governmental oversight. This results in a dual reporting system where companies maintain their accounts based on Tax Procedure Law for tax purposes while also making adjustments according to TFRS. This duality, as noted by the Participant 14, not only significantly increases the workload but also perpetuates a resistance to fully integrate international standards.

“Why are we currently adopting these standards? They say it is to observe the recognition of revenue in financial statements. To create a standard with a more comparable and understandable reporting language at least on an international level. But as long as the government authority does not withdraw from this reporting, which is not possible because there will always be tax implications, they will report on this through the adaptation resistance, if they still resist. So, they report on a tax aspect, and at the same time, they make an adaptation according to TFRS in the effect of correction entries. It is a significant workload. In this context, when you look at it, I’ve been talking for a long time, and I’m having trouble summarizing it. Now, integration of these standards, not just translation but also adaptation and integration efforts, in my opinion, was an important topic. I mean, it is not a matter of dual reporting but rather the integration of a single reporting leg. Because the duality divides two authorities and two professional groups. It causes resistance in companies, especially if they are below a certain scale. So, I think integration should be recommended in this sense. Because having two separate reporting legs is not practical.” (Participant 14, Paragraph 37)

From this perspective, the fundamental challenge is not just the technical translation or adaptation of international standards but the deeper integration of these standards within the existing Tax Procedure Law framework. The discussion highlights the need for a cultural and conceptual shift towards more flexible and integrated financial reporting practices that can accommodate both international standards and local tax requirements.

5.3.2.5.1.4. Selective Implementation

Selective implementation, as experienced by Participant 6 in the context of inflation accounting in Egypt, reflects the broader challenge of applying international standards across diverse economic and regulatory landscapes. This scenario, where external factors such as statistical manipulation and public perception influence the application of standards, highlights the delicate balance between adhering to global norms and accommodating local realities.

“In the three-year period, it states that inflation accounting is applied if it exceeds 100% in a row. One of the countries in the group I’m involved in is Egypt. We are constantly waiting for the number, whether they will apply it or not, is up in the air. Of course, the statistical institute in each country is very capable of manipulating numbers. We see similar things in Egypt. Everyone is saying, ‘We feel more than 100% in a year’. I ask, ‘What is the official figure?’. They say it is around 35%. They say it has reached 65-70% in three years, can it exceed 100%? We are discussing this.” (Participant 6, Paragraph 36)

Participant 8 points out the selective implementation of IAS 29 for inflation accounting based on the potential for tax advantages. This selective application reflects strategic financial decision-making within companies, where regulations are followed not just for compliance but also to maximize benefits. This approach indicates a broader trend of companies navigating regulations in ways that align with their financial interests, which can sometimes lead to inconsistent application of standards and raises questions about the effectiveness and purpose of financial regulations.

“Let me put it this way. After it was implemented in 2004, IAS 29 for inflation accounting was not applied, but it was done in cases where tax advantages could be obtained through revaluation. I know the companies that did it. I can say that it was not applied in my company, but a position was being taken to apply it this year. If the regulation is taken off the table and becomes law, then IAS 29 will be applied; otherwise, revaluation will be applied, and the issue of capital increase will come up.” (Participant 8, Paragraph 22)

Finally, Participant 13 addresses the discrepancies in the application of IFRS,

particularly in inflation accounting compared to IAS 29. The participant observes a notable difference in practice, suggesting that the way standards are implemented can vary, possibly due to differing interpretations or adaptability to local contexts. This variance can be seen as a form of selective implementation, where standards are applied differently in practice than they are theoretically intended.

“In my opinion, it should be exactly the same, but unfortunately, there are differences in practice. For example, one of the most notable differences I’ve observed is inflation accounting. IFRS started being applied about a year ago, even one and a half years ago, starting from the reports of June last year. When it comes to IFRS, there’s a difference in the accounting for inflation compared to IAS 29, which is the Financial Reporting under IFRS.” (Participant 13, Paragraph 13)

These narratives highlight the complexities and inconsistencies in applying international accounting standards across different regions and contexts. They highlight the challenges in ensuring uniformity in the application of these standards, influenced by factors such as availability of resources, local economic realities, and interpretation of guidelines. This selective implementation can lead to challenges in achieving the goals of standardization and comparability in international financial reporting.

5.3.2.5.1.5. Force to Accounting Harmonization

Participant 14 outlines a history of inconsistent implementation and changes in policy regarding these standards. She mentions that practical application was not observed, indicating a gap between the theoretical adoption of these standards and their actual use in practice. She notes the changing mandates: initially, the adoption of international standards was made mandatory, then withdrawn, then made mandatory again but only for listed companies, and then moved to IFRS before finally working on TFRS. This indicates a lack of clear direction and commitment, causing confusion and inefficiency within the accounting community. Such inconsistency not only complicates compliance but also undermines the credibility and effectiveness of the harmonization efforts.

“They could not observe its practical application. It is been one step forward, two steps back. Now it became mandatory, then it was

withdrawn. Then it became mandatory only for listed companies. Then it went to IFRS. Now we're working on TFRS. However, we've been discussing this since almost 2002.” (Participant 14, Paragraph 10)

The fact that these discussions and changes have been ongoing since around 2002 further emphasizes the prolonged and unresolved nature of the harmonization process. Participant 14's account portrays a scenario where the 'force to accounting harmonization' is met with resistance, indecision, and backtracking, rather than a smooth and progressive transition. This reflects broader challenges in policy implementation, especially when it involves complex and technical fields like accounting, where changes have significant and wide-reaching implications. This highlights the need for clear, consistent, and well-communicated policies to successfully achieve accounting harmonization and the difficulties that arise when these elements are lacking.

5.3.2.5.1.6. Utilizing Standards Abroad

Participant 6 illustrates the development of accounting standards in response to market demands, using the example of a new US revenue recognition standard. This standard addresses the specific challenge of recognizing revenue at specified intervals for long-term projects, even when payment occurs only at project completion due to contractual obligations. Notably, this need for a revenue recognition standard transcended US borders, emerging as a global concern. It arose as US-based entities operating worldwide faced difficulties with investments and financial statements, prompting experts with a solid grasp of financial statements to comment on these issues and ultimately leading to a consensus on the necessity of such a standard.

“It says that when you produce something specific for someone, record it as revenue. Record your unbilled receivables as well. Make your stock adjustments accordingly. Now, this is a need. It emerged from a need because there are those who engage in very long-term work but will only collect their payments at the end of this work. But in reality, according to the person's contract, they should realize their revenue at specific intervals. This need has arisen, but this need did not just come from the United States. It came from all entities of the United States worldwide when they started to get returns from the places they

invested in and people who could read the financial statements correctly began to comment on it.” (Participant 6, Paragraph 27)

Participant 6 suggests that developing financial reporting standards, including this one, is not straightforward. Instead, it involves a complex world of financial systems, economic considerations, and communication between various entities. This illustrates that a broader ecosystem influences standard-setting and is not isolated.

“They said, ‘Let’s bring a standard for this.’ It is not that simple. There’s a world behind it, constantly feeding off of and communicating with each other. There’s an economy.” (Participant 6, Paragraph 27)

In contrast, Türkiye’s approach differs from creating tailor-made accounting standards to meet market requirements. Instead, the practice involves the direct adoption of standards from other countries. While the translation of these standards may be accurate, the unique nuances and context-specific considerations are often overlooked. This approach signifies a divergence from the concept of developing customized standards to cater to Türkiye’s specific market needs, potentially impacting the effectiveness of accounting practices within the country.

“It came from all entities of the United States worldwide when they started to get returns from the places they invested in and people who could read the financial statements correctly began to comment on it. They said, “Let’s bring a standard for this.” It is not that simple. There’s a world behind it, constantly feeding off of and communicating with each other. There’s an economy.” (Participant 6, Paragraph 27)

Participant 6 notes that Türkiye’s legal regulations align with the practice of using translations from international sources. This suggests that the Turkish regulatory framework incorporates or is influenced by financial and legal standards developed elsewhere, adapting them for local use through translation. This approach allows for harmonization with international practices while complying with local legal requirements.

“Our legal regulations in Türkiye talk about almost the same thing, which is utilizing translations from abroad.” (Participant 6, Paragraph 36)

Participant 14 points out that IFRS have been published and made mandatory simply

through translation into English, without considering the deeper implications and adjustments required for the local context. This statement suggests a perception that the process was somewhat cursory or superficial — that the standards were translated and imposed without a thorough consideration of how they would fit into the existing Turkish accounting practices, regulations, and the broader financial ecosystem. It implies that the translation was seen as an end in itself, rather than part of a more extensive process of adaptation and integration.

“... we are talking about a standard content that has been published and made mandatory to apply simply by being translated into English.”
(Participant 14, Paragraph 53)

From an analytical perspective, this approach can lead to several issues:

Lack of Contextualization: Direct translation does not account for cultural, regulatory, or market-specific nuances. This can lead to misinterpretation or misapplication of the standards in the local context.

Compliance Challenges: Practitioners might find it difficult to comply with standards that do not align well with their existing practices and regulations. This can lead to errors, inefficiencies, and even resistance to the new standards.

Training and Understanding: If the standards are not adapted to the local context, additional training and resources might be required to help practitioners understand and apply them correctly. This can increase the burden on professionals and organizations.

Enforcement: Regulators might find it challenging to enforce standards that have not been fully integrated into the local accounting landscape. This can lead to inconsistencies and a lack of accountability.

This highlights the need for a more comprehensive approach to adopting international standards. Simply translating the content is not sufficient; there needs to be a concerted effort to adapt and integrate the standards in a way that respects and aligns with local practices, regulations, and needs. This might involve collaboration between various stakeholders, including regulatory bodies, professional associations, practitioners, and academics, to ensure that the standards are not only linguistically but also contextually and practically appropriate for the Turkish accounting environment.

5.3.2.5.1.7. Differences between Turkish and International Practice

Participant 11 expresses a belief that the divergence between Turkish standards and IFRS creates unnecessary complications. She questions the rationale behind maintaining distinct Turkish rules when their companies, which operate on an international basis, are trying to align with IFRS. This perspective reflects a common sentiment in the globalized business world, where differing national standards can pose challenges for multinational companies that need to comply with multiple sets of rules.

Participant 11's experience, dating back to their first internship in auditing, highlights the longstanding nature of this issue. She perceives the divergence as significant and unnecessary, suggesting that it complicates the work. This viewpoint highlights the desire for more streamlined, harmonized standards that would ease the burden on professionals working in international or multinational contexts and promote consistency and comparability across borders. It also reflects the broader trend and discussion in the financial world about the benefits and challenges of standardization versus localization in financial reporting.

“Because ultimately, we are trying to align with IFRS since our companies are internationally based. I’ve actually been puzzled since my first internship in auditing. Why does the world have its own rules, and Türkiye creates its own rules and writes its texts accordingly? I think this is a significant divergence. It is unnecessary and causes difficulties for both employees and writers.” (Participant 11, Paragraph 33)

Participant 11 points out a specific difference between IFRS and Turkish law, focusing on the treatment of doubt and suspicion. While IFRS might assert that certain items are not subject to doubt and do not require suspicion, Turkish law takes a more cautious approach, considering these items important and subject to suspicion. This distinction reflects deeper philosophical and practical differences in how financial matters are approached and regulated in different systems. The participant's observation highlights the challenges professionals face when navigating these divergent perspectives, especially when both sets of standards are relevant to their work.

“They differ in some aspects. For example, IFRS says certain things are not subject to doubt, and there's no need for suspicion. But when

you come to Turkish law, it is an important matter, and it should be subject to suspicion.” (Participant 11, Paragraph 35)

The specific differences in the treatment of doubt and suspicion between IFRS and Turkish law further illustrate the practical challenges of navigating divergent financial reporting systems, highlighting the need for greater alignment and understanding between international and local accounting practices.

5.3.2.5.2. Principle-based

In this section, adoption and implementation challenges associated with the principle-based theme are analyzed.

5.3.2.5.2.1. Different Accounting Cultures

Participant 6, a regional manager for an American company operating in over 50 countries, discusses the complexities and challenges they face when dealing with financial reporting and communication with its headquarters in the United States. They emphasize the difficulties of aligning accounting practices across different regions, mainly when translating and applying IFRS to US GAAP. The participant notes that while the technical accounting team in Denver is experienced and understands the general principles, specific details and implementations in the reports often raise questions and require further clarification.

“In the company, there are technical accountants who are highly experienced in applying US GAAP to IFRS, and they are knowledgeable enough to comment on the places where standards are created and discussed, like the PCAOB in the United States. So, when I present a financial statement, including currency translation differences and so on, it is not something that would mean rediscovering the world for them. However, I make statements that make them wonder, and they ask, ‘How can this be? We do not quite understand this. What’s the reason, why is it like this?’ (Participant 6, Paragraph 13)

Participant 6 highlights a specific challenge companies may face when transitioning between accounting standards due to corporate changes like acquisitions. Such transitions can lead to discrepancies in specific accounting areas, like deferred tax liabilities, which may persist despite overall successful convergence. The participant

suggests that aside from the specific issue of deferred Tax, the convergence between IFRS and US GAAP has not posed significant problems for their company. This could indicate that while specific issues may arise, overall convergence can be achieved with minimal disruption.

“There’s another issue behind it on our side. Not a problem, but there’s a reason. The reason is that the company was part of a group called [group acquired] until July 1, 2016. It was a British company and was fully applying IFRS. After July 1, 2016, when the company was acquired by [our corporation] worldwide, it started applying US GAAP. With the application of US GAAP, there are some differences between US GAAP and IFRS regarding Deferred Tax liabilities. That’s why we still have a difference in that area. But this convergence did not create such a problem or difference on our side. We have a very specific reason, and it is related to the transaction in 2000. I mean, the change of ownership in 2016. I think this reason that emerged since then cannot be evaluated very generally.” (Participant 6, Paragraph 15)

Participant 6 notes a significant trend in the US towards faster disclosure of financial information, driven by the need for timely data for investors and other stakeholders. This reflects a broader global movement towards more immediate and transparent financial reporting.

“In other words, there are currently efforts in the United States to provide financial statements, assess them, and present them to investors at the highest possible speed. It is called fast reporting. Because think about it this way, December ends. After December, as an investor who has invested in the company, you get information about the financial statements 45 days later... But on the other hand, there are others who can act much faster.” (Participant 6, Paragraph 25)

Then, he contrasts the advanced practices in the US with the situation in Türkiye, highlighting a significant gap in the speed and quality of financial reporting. This discrepancy indicates the challenges countries face when adopting or adapting to rapidly evolving international standards and practices.

“On the other side, there’s the world. On our side, we do not have

anything like that at all. These problems, whether it is the financial statements not being accurate or not being properly presented, or even when they are presented accurately, the quality of these, in my opinion, unfortunately, decreases because when the audience reads them, the messages that need to be taken are not really understood in our stock market.” (Participant 6, Paragraph 25)

He further points out the significant temporal gap between the establishment of capital markets in the United States and Türkiye. This historical context is crucial because the development of capital markets is often closely tied to the evolution of financial reporting standards, regulatory frameworks, and overall economic maturity. His observation implies that the maturity of a country’s capital markets can significantly influence its financial reporting practices and regulatory environment. Countries with more established capital markets, like the United States, have had a longer period to develop, refine, and adapt their financial reporting standards and regulatory mechanisms. In contrast, countries like Türkiye, which started this process later, may still be in the stages of adapting and fully integrating international standards like IFRS.

“Of course, I’m not comparing Türkiye and America now. I mean, there are very significant differences between a country that started to establish its capital markets in the 1910s and 1920s and a country that started to establish it in the 1980s, or between countries.” (Participant 6, Paragraph 25)

Participant 10 reflects on the potential for differing perceptions based on language and cultural context, specifically regarding financial terms and concepts like impairment loss in IFRS reporting. They suggest that while English participants might view certain terms and concepts, such as focusing on losses rather than profits, as routine or standard practice, Turkish participants might interpret the same terms more negatively due to the way they are translated or understood in Turkish. This disparity in perception is significant because it highlights how language can influence the understanding and reception of financial information. The participant’s insight highlights the importance of being mindful of these differences, especially in an international context where financial documents and reports are read and interpreted by people from various linguistic and cultural backgrounds. Recognizing and addressing these nuances can help ensure clearer communication and a more accurate

understanding of financial reports across different languages and cultures.

“Maybe an English-speaking person reading it in English. Maybe in the IFRS report here, because we proceed cautiously, prudently, and more focused on losses rather than profits. In other words, we focus more on the loss side. An English-speaking person might not create such a negative perception about these things, about these footnotes, and about these breakdowns. But I think a Turkish-speaking person might have a more negative perception.” (Participant 10, Paragraph 28)

5.3.2.5.2.2. Contextual Adaptation

Participant 14’s reflection on the process of accounting harmonization since 2002 reveals a critical and nuanced perspective on the challenges faced. She identifies a key issue: the direct translation of complex accounting standards from English into Turkish without making necessary cultural or contextual adaptations. She suggests that the translations failed to convey the intended meaning, nuances, and specificities of the accounting concepts, rendering them ineffective for practical application. The problems are deep-rooted and perhaps related to fundamental differences in the way concepts are understood and applied in different cultural or linguistic contexts.

“However, we’ve been discussing this since almost 2002. The main reason why we could not reach this stage today, I believe, is that we translated the entire language, the entire text into English without making any adaptations and said, “Here is the regulated version”, which was completely incomprehensible. And trained personnel, well, they may already be confused, and I can be confused, too. For them, not finding an equivalent in practice was due to the background of the piano, so to speak.” (Participant 14, Paragraph 10)

Overall, Participant 14’s analysis points to the complexities and difficulties of translating and implementing international accounting standards in a way that is both accurate and understandable. It highlights the importance of contextual adaptation and the need for clear, comprehensible, and culturally relevant translations to ensure effective understanding and application among professionals. Her reflections suggest that achieving true harmonization in accounting standards is not just a linguistic

exercise but a complex endeavor that requires careful consideration of cultural, contextual, and professional nuances.

Participant 14 addresses the challenges introduced by the concept of ‘net realizable value’ in the context of accounting standards and its introduction into Turkish accounting practices. She notes that this concept was not widely recognized or understood in Turkish prior to the adoption of international accounting standards, suggesting that its incorporation felt experimental and possibly uncertain to Turkish professionals. This unfamiliarity and the perceived experimental nature of such concepts likely contributed to a sense of apprehension and resistance among professionals who were accustomed to established local practices.

“Now, the concept of “‘net realizable value’ was not widely recognized in Turkish until the standard came into play. It entered Turkish literature as if it were being experimented with. Such topics actually acted as deterrents and were part of the resistance against the standards. That’s why professionals are still resisting, by the way. They will continue to resist. And because of their resistance so far, we have not made significant progress in terms of standards.” (Participant 14, Paragraph 16)

This situation highlights the complexities and challenges of harmonizing accounting practices across different linguistic and cultural contexts. It highlights the importance of not only translating terms accurately but also ensuring that they are contextualized, understood, and accepted by the professional community. The participant’s remarks reflect a broader tension between international standardization and local practice, illustrating how the introduction of new concepts and terminologies can meet substantial resistance, thereby impeding progress and the adoption of potentially more rigorous and transparent accounting practices.

She further points a hurdle: user resistance to the standards. If the very users who are meant to benefit from these enhanced standards are resistant to them, the goal of improving quality becomes questionable. Participant 14 is skeptical about discussing quality improvements in a context where the intended users of the financial reports do not embrace the standards. This resistance could stem from various factors, including unfamiliarity with the new standards, the perceived complexity, or a reluctance to

change established practices.

“... what was the fundamental argument of the POAAB, which is responsible for publishing these standards when they introduced these standards? It was to provide information that could increase the quality of financial reporting to a level that is more comparable and understandable than the existing reporting. Now, this is actually an abstract concept. There is no background where quality is measured here. Because how can quality be measured? It can be measured by the information presented to the user resulting in concrete outcomes. When we look at the user, there is a user who resists the standards. So, I do not know how possible it is to talk about quality here.” (Participant 14, Paragraph 21-22)

Participant 14 identifies a core issue: the Turkish-translated versions of the accounting standards lack the necessary integrity of meaning and practical equivalence. This means that when these standards are translated into Turkish, they fail to convey the full depth, nuance, and applicability of the original English terms. For professionals who rely solely on the Turkish versions, this creates a substantial gap in understanding and application. They are expected to internalize and implement standards that are not fully coherent or practically relevant in their language, which is a significant challenge. Given that the user base might not know English, Participant 14 highlights the need for adaptation of these standards to fit the Turkish context more appropriately. This adaptation goes beyond mere translation; it involves a thorough recontextualization of the concepts to ensure they are understandable and applicable within the Turkish professional environment. Without such adaptation, the standards remain foreign and difficult to internalize, leading to resistance even among those who want to comply. She sympathizes with the resistance, especially among Turkish-only users, because of the impracticality and incomprehensibility of some expressions post-translation. This resistance is not just a refusal to change but a natural response to a tool that does not fit the task at hand.

“The problem here is actually due to the fact that the Turkish text, the Turkish-translated version, cannot provide the integrity of meaning or the equivalent in the practical field. Therefore, we need to adapt and apply these assuming that the user base does not know English.

Moreover, if they cannot find an equivalent in Turkish, which I do not think they can, it becomes an important issue. So, I understand the resistance in this sense, even for those who only use Turkish, because there are expressions that will not be easily understood and have no practical equivalent.” (Participant 14, Paragraph 30)

5.3.2.5.2.3. Complex and Long Standards

Participant 9 expresses a sense of being lost within these documents. This could be due to several factors: the structure of the documents, which might not be intuitive; the use of specialized terminology that requires a deep understanding of accounting principles; or the sheer volume of information that needs to be digested and understood.

“First of all, who knows how many pages the standard has? And we get lost in it because of how many technicalities are in it.” (Participant 9, Paragraph 29)

Participant 10 reflects on practical challenges of engaging with the full text of financial reporting standards, which are often lengthy and complex. He admits that while he has the capability to review the standards, the length and depth of these documents can be daunting, leading to a reluctance or ‘laziness’ to delve into them completely. This is a candid acknowledgment of issue faced by Participant 9.

“I can also look at the standards, but sometimes people feel lazy to go through the entire standard because it is quite long. I prefer to look at something more concise.” (Participant 10, Paragraph 42)

To address this, Participant 10 expresses a preference for more concise resources. This could mean summaries, guides, or interpretations that distill the essential points of the standards into a more accessible and manageable format. This preference highlights the need for resources that make it easier for professionals to understand and apply the standards in their work without having to navigate the full, detailed documents every time.

Participant 10’s perspective highlights a broader need within the industry for clear, concise, and user-friendly materials that support professionals in staying informed and compliant with financial reporting standards. It also suggests an opportunity for those in the field of financial education or service provision to develop and offer such

resources, catering to the practical needs and preferences of professionals.

Participant 11 reflects on the daunting nature of reading and understanding complex financial documents. She describes a meticulous process of going step by step, frequently re-reading, and constantly assessing one's comprehension mid-sentence. This methodical approach is necessary due to the density and intricacy of the information presented. Her experience highlights the challenges professionals often face when navigating through detailed and technical materials, highlighting the need for clear, well-structured, and accessible documentation that can be more easily digested and understood.

“Yes, it can be overwhelming. When reading, you have to go step by step, reread it. Come to the middle of a sentence, and ask yourself how much you understood, and so.” (Participant 11, Paragraph 16)

Participant 11 further comments on the use of conjunctions and detailed explanations in financial and legal texts, which, while intended to clarify, often end up complicating the understanding further. The need to continually refer to other articles or sections to grasp the full context makes the process even more convoluted. This reflects a common issue where the attempt to be comprehensive and precise in legal and financial documentation leads to an over-complicated narrative. Participant 11's preference for directness and clarity speaks to a broader desire among professionals for streamlined, straightforward communication that simplifies the process of understanding and applying complex information.

“Yes, there are conjunctions. I think they include a lot of details to explain something. It is much easier to say directly and clearly what it is. But because of this, it connects to that and points to another article. You have to go to that article and read it from there. It actually gets more complicated.” (Participant 11, Paragraph 18)

Participant 11 describes the density and complexity of financial standards, particularly noting the challenge posed by extensive cross-referencing to other sections. This structure can make it difficult for professionals to understand and follow the standards as they navigate back and forth between interconnected sections. Participant 11's experience highlights a common issue in standard-setting, where the need for comprehensive coverage and precision can lead to documents that are intricate and

challenging to navigate, especially for those who are not deeply familiar with the structure and content.

“The standards are quite dense. There is a lot of cross-referencing with other sections that can make it a bit challenging for us to understand.”

(Participant 11, Paragraph 26)

Translators are tasked not only with finding direct word equivalents but also with reconfiguring sentences to suit the grammatical and stylistic norms of Turkish, which may involve breaking down lengthy sentences and rearranging clauses to maintain coherence and understandability. While these older language structures might facilitate comprehension for Turkish participants familiar with this style, they can also obscure the nuances of the original English text if the translation becomes overly convoluted.

“But in our case, as you mentioned, we tend to use more conjunctions and perhaps rely on older Turkish language structures.”

(Participant 13, Paragraph 18)

5.3.2.5.2.4. Should Check the Conceptual Framework

Participant 8 stresses the importance of referring to the Conceptual Framework to achieve more accurate and clear work. He suggests that standards alone may not always provide a solution and that the Conceptual Framework can offer valuable guidance and interpretation to enhance the quality and clarity of accounting practices.

“Like I said, what will the word ‘percentage’ correspond to in terms of meaning? If you do not put it into a percentage, everyone will interpret it differently. When you do that, you may need to clarify it a bit more. You know, the standard may not always provide a solution. Therefore, it is necessary to turn to the Conceptual Framework and look into the work and interpretations there in order to ensure that the work is done more accurately and clearly.”

5.3.2.5.2.5. Requires Judgment

As a nature of principle-based standards, a judgment exercise is required, which should be tailored to the needs of companies. However, participant 9 has expressed difficulty in exercising judgment. He and his wife, a financial statement preparer, had been

struggling for months to find a clear example or guidance on how to record prepaid expenses for several months. The difficulty was not just in finding Turkish resources but also in English. This suggests that the problem was not just language but the specificity and complexity of the information needed. This could potentially point out a gap in practical, detailed guidance in the field, rather than a mere translation issue.

“Especially during the time of TMS-16, I remember it very well. We were looking for a caterpillar-like thing on the internet. What’s the example that falls under our scope? I discussed this with my wife. I remember it very well for that reason. How should prepaid expenses be recorded? We searched for this for 6-7 months. It seemed like nobody knew about this topic. We could not find it in English. We could not find it in Turkish, either.” (Participant 9, Paragraph 27)

Participant 6 points out the challenges of principle-based part creates in international context, and one of them is materiality. What might be considered material in one jurisdiction could be immaterial in another. This affects not only the reporting but also the decision-making process at the group level.

“One of those concepts is materiality. It is essential for us in decision-making to determine how material the differences arising from a country’s financials are and how much they affect group consolidation level financials. If it is not very materially significant, they will notice it, and the fact that it was not material became an issue in the discussions.” (Participant 8, Paragraph 13)

Participant 6 further addresses the core issue of adopting IFRS in different jurisdictions. Even when the translation of the standard is consistent, the practical application can vary, leading to different interpretations and potential conflicts.

“Yes, it is translation, but if you start implementing what you understand from the translation differently, it also raises questions with them. That’s why we say that I interpret it in a similar way. It can be the same translation, but there are clear differences in implementation.” (Participant 8, Paragraph 13)

Participant 7 reflects on the nature of financial standards, noting that they are more principle-based than rule-based. This requires decision-making and interpretation,

which can be different for those who know Turkish, possibly alluding to the nuances and interpretations that come with understanding the standards in one's native language.

“When we read the standards, there are things we need to decide on. Since it is more principle-based rather than rule-based, it is different for us. Just for those who know Turkish.” (Participant 7, Paragraph 48)

Participant 8 reflects the inherent subjectivity in interpreting language and concepts, highlighting the challenges faced when individuals from different backgrounds and perspectives try to find common ground. His observation highlights the importance of clear communication and the need for standards and definitions that are as unambiguous as possible to minimize misinterpretation.

“Because everyone interprets the same expression, the same concept differently because of this.” (Participant 8, Paragraph 34)

Participant 8 discusses the challenges in interpreting terms like ‘probable’ within the Conceptual Framework, especially after recent updates. This issue highlights the inherent difficulties in applying accounting standards that rely on judgment and estimates, emphasizing the need for clarity and consensus in understanding and applying such terms to maintain consistency and reliability in financial reporting.

“For example, there was a problem with ‘probable’ in the Conceptual Framework, especially after the update in 2018. For instance, while ‘probable’ may represent a different percentage for someone else. Yes, we have records based on estimates in accounting, especially at the end of periods. Like I said, what will the word ‘percentage’ correspond to in terms of meaning? If you do not put it into a percentage, everyone will interpret it differently.” (Participant 8, Paragraph 36)

Participant 11 discusses the process of searching for meanings, interpretations, and examples online, noting that different sources might offer varying explanations for the same concept. This variety leads to a situation where individuals must decide which interpretation aligns best with their understanding. This reflects the broader issue of subjectivity in interpreting standards and guidelines, where multiple plausible interpretations can exist, and professionals must exercise judgment to decide which is

most applicable or accurate for their specific context.

“Regarding the translation, it is like this: when we search the internet, I look for the meaning, interpretation, and examples because everyone can interpret things differently. So, in the end, you choose the one that seems closer to your understanding. It is like deciding between option A and option B. They all eventually lead to the same point in their examples, but they explain it differently.” (Participant 11, Paragraph 26)

Participant 11 emphasizes the need for clearer, more straightforward explanations in financial standards and documentation, pointing out that the current state often leads to varied interpretations within their company. They describe scenarios where different interpretations can lead to different accounting treatments, with some professionals using thresholds or other criteria to decide how to account for certain items. This situation can lead to uncertainty and the potential for errors. Participant 11’s observations highlight the real-world implications of ambiguous or complex standards, where the lack of clarity can lead to differing practices and the risk of incorrect accounting.

“So, I think there should have been a single, clear way to explain it, considering that everyone interprets things differently. Because generally, this is what happens: someone says, ‘I understood this from this sentence’. When we discuss it within the company. They say, ‘Based on this, I think it should be accounted for this way.’ I’m exaggerating a bit here. But they say, ‘There was this threshold. It did not exceed that threshold. So, I think it should not be accounted for separately’. Now, if there’s something related to accounting entries here, there’s a chance of making a mistake or not. Everyone deals with this kind of uncertainty. It is like, ‘We’ll deal with the consequences later’ to some extent.” (Participant 11, Paragraph 26)

The discussions on judgment required in principle-based standards reveal significant challenges in applying IFRS across different jurisdictions and contexts. Participants express concerns over the specificity, complexity, and interpretation of financial standards, highlighting the need for practical guidance, clear communication, and

consensus in understanding to ensure consistency and reliability in financial reporting. These reflections underline the imperative for clearer guidelines and examples in financial standards to aid professionals in navigating the intricacies of judgment and interpretation, ultimately fostering more uniform and accurate financial reporting practices.

5.3.2.5.2.6. Demand of Rule-Based Standards

Participant 6, a certified public accountant, describes the landscape of accounting practices in Türkiye, emphasizing a disconnect between international financial reporting standards and the daily reality of Turkish accountants. He notes that in Türkiye, accountancy primarily focuses on local regulatory requirements such as Value Added Tax declarations, simplified tax return declarations (*muhtasar*), and managing financial documentation like ledgers, delivery notes, and invoices. The participant indicates that financial statements are typically prepared according to the Uniform Chart of Accounts, not international standards. He estimates that about 85% to 90% of professionals in this field concentrate on these local tasks rather than broader, international financial reporting practices.

“I’m also a certified public accountant, but there are no international financial reporting standards in the world of accountants in Türkiye. In the world of our accountants in Türkiye, there is a Value Added Tax (KDV) declaration, a simplified tax return declaration (muhtasar), printing of ledgers, delivery notes, and invoices. These are the standard practices. What they consider as financial statements are balance sheets and income statements prepared according to the Uniform Chart of Accounts. Approximately eighty-five to ninety percent of those engaged in this profession are focused on these tasks. (Participant 6, Paragraph 43)”

According to Participant 9, despite extensive financial reporting standards, only a subset is regularly applied in practice. This results in around 15-20 journal entries. Participant 9 mentions the complex area of intangibles, which alone has around 30 items. However, he notes a commonality in the entries made across different firms, with 10-15 of the 30 entries being similar. The assertion that many entries are similar across different companies suggests a level of uniformity in how financial reporting

standards are applied. This could be due to common industry practices, regulatory requirements, or the nature of the transactions that most companies deal with.

“When I was working at EY, the last place I worked at ... we had 3 volumes of IFRS GAAP. We applied a maximum of 15-20 items. We record about 15-20 entries. Only intangibles have 30 items. You know, we do not look at what the entire standard says, what it does, where it goes. If you see [the journal transactions of] all the reporting managers in other companies today, please note that 10-15 of our 30 entries will be the same. We are not dealing with detail issues where we must look at the translations of financial reporting standards.” (Participant 9, Paragraph 21)

Moreover, when discussing judgment and decision-making, especially in relation to nuanced terms such as ‘liabilities’ and ‘obligations’, as mentioned in the focus group, the participants indicate that their company typically does not experience confusion or encounter difficulties in translation.

“To be honest, let me put it this way: We do not get lost in it as much as you might think. Why do not we get lost in it? Because a company’s standard entries are already fixed... Look, this is my fifth company. Believe me, I’ve encountered two or three different entries at most. They are very similar; at least, their basic logic is the same. We add an entry because of the industry. Because of this industry, we add this entry.” (Participant 9, Paragraph 25)

Participant 9 seeks external consultancy when he comes across a technical entry that requires following certain standards. However, since such entries are rare, Participant 9 does not feel the need to gain knowledge or skills to handle them personally.

“It is such a technical entry that I do not need to learn it. Most of us do not get bothered this much. I mean, there is no difference between liability and obligation for us. Because fundamentally, they are all the same for us. 10 entries, 15 entries.” (Participant 9, Paragraph 25)

5.3.2.5.2.7. Importance of Examples

Participant 9 highlights the value of examples in understanding and applying financial standards. Practical illustrations of how an entry is made can significantly enhance

understanding, especially for complex or infrequent transactions. He explains that technical entries, which may only occur infrequently, can be better understood with the help of examples. They suggest that seeing a similar example in the Turkish version of the reporting standards is the most helpful way to understand these entries.

“We read the English version, understand it, and discuss it, and so on. Then, we find the Turkish equivalent of the same standard. We look at it with examples from there. Because there is a problem like this. I think the biggest deficiency is that. Usually, there are nice examples for Turks under the standard. It is not easy for us to understand a record without seeing that example. Because sometimes there are such technical entries that we will only apply them once in our lifetime, twice maybe. And we will forget about them. If a record that we will apply once every 10 years comes up. I think seeing an example is the most helpful thing in this job. You try to find a similar example and locate that journal entry, actually.” (Participant 9, Paragraph 23)

He further elaborates on this point when discussing scenarios in which new financial standards are introduced or initiated. In such situations, they attempt to find examples online as a means of trying to comprehend the subject matter.

“I think our biggest problem is that we lack something that we can directly understand with examples. Right now, probably, if we search for the standard we want on the internet, there will be a nice definition. Translated from English, and there will be a simple example underneath it. Done, it is that simple. Especially during the time of TMS-16, I remember it very well.” (Participant 9, Paragraph 27)

Participant 11 mentions her approach to understanding laws and regulations, which involves discussing their interpretations with knowledgeable and unbiased individuals. By verifying her understanding and asking for others' insights, she seeks to ensure her interpretations are correct. This collaborative approach to learning and understanding, through discussion and real-world examples, reflects a practical and interactive way to grasp complex legal and financial concepts. It suggests that for some individuals, learning is more effective when it is discursive and example-based rather than purely theoretical.

“Because I do not read the law and understand it. Usually, I tell those who know and are not biased. Or if there’s someone who knows and does not mind, I say, ‘I’m researching this law. I understood this. According to this, it should be done this way. Did I understand it correctly? What do you know about it?’. We actually try to understand it through mutual discussions.” (Participant 11, Paragraph 56)

Participant 15 points out that professionals, regardless of their language proficiency, often face conflicts or confusion about how to apply the standards in real-life scenarios. This issue transcends language barriers and speaks to the need for more practical, user-friendly resources. He advocates for the development of application guides, which would provide step-by-step instructions, examples, and case studies. Such guides would serve as a bridge between the theoretical text of the standards and their practical application, offering real-world scenarios and solutions that professionals can reference. This would not only aid in understanding but also in the consistent and correct application of the standards.

“The person may have a conflict about how to implement it. For instance, there should be some application guides. A person might read something like ‘this should be done this way’, but they might not know how to do it. But this is not related to whether it is in English, Turkish, or another language. There should be examples, case studies related to the topics. It would be good to have application guides.” (Participant 15, Paragraph 31)

This emphasis on the practical application and the shared experiences of accountants stresses the critical need for clear, relatable examples that connect theoretical international standards and the specific requirements of local accounting practices.

5.3.2.5.2.8. Limited Sources

Despite the emphasis on the importance of having examples to understand the standards, Participant 9 mentions that there are limited available sources. He criticizes the examples being too simplistic and repetitive. They argue that these examples do not cover complex or unusual situations they might face in real life, such as ‘what happens when there is an expense in advance?’. The lack of diverse and complex scenarios in educational materials leaves them feeling unprepared and skeptical about

the practical applicability of the standards.

“I saw this a lot with TMS 16, for example. Always the same examples. Always the same simple examples. What happens when there is an expense in advance? What happens when there is another absurd example? It does not explain any of these.” (Participant 9, Paragraph 29)

Looking ahead, he anticipates similar issues with understanding and applying inflation accounting. This expectation is likely based on their past experiences with other standards and the ongoing issues they’ve identified with available resources and guidance.

“For example, right now, I’m not sure if there’s a standard for deferred tax on inflation accounting. You said there’s a Turkish version. If I were to look it up, I probably would not even see anything related to deferred tax.” (Participant 9, Paragraph 31)

Participant 10 expresses difficulty in finding comprehensive Turkish resources for financial reporting standards and practices. While they acknowledge the existence of occasional publications from organizations like TÜRMOB and some materials available on platforms like YouTube and LinkedIn, these sporadic sources do not seem to meet their needs for detailed and reliable information. This suggests a gap in the Turkish market for thorough, accessible, and regularly updated resources on financial standards, potentially indicating an opportunity for professional organizations, educational institutions, or industry experts to fill this void.

“Well, I do not think I can find what I need in Turkish. Occasionally, there are some publications. For example, TÜRMOB in Izmir sometimes publishes materials from our local chamber. They upload videos to YouTube, and sometimes I see someone posting something on LinkedIn. But I have not come across a comprehensive source that I can refer to. Maybe it is something I’m missing, something I have not seen. But generally, I cannot say I’ve found a Turkish source.” (Participant 10, Paragraph 42)

This collective feedback highlights a significant need for more comprehensive, nuanced, and accessible resources in Turkish that address the complexities of financial

reporting standards, suggesting an imperative for the development of more detailed guidance and educational materials to support professionals in their practice.

5.3.2.5.2.9. Internalization

The process of internalizing financial reporting standards presents a multifaceted challenge that extends beyond mere translation to include cultural and educational adaptation. Participant 6 points out the difficulty in translating and establishing accounting terminology in Turkish indicates a broader issue of language and terminology adaptation. This challenge is not just about linguistic translation but also about the cultural and educational adaptation of globally recognized concepts into the local professional lexicon.

“First of all, these concepts are not well-established in Turkish. So, we find it very challenging in terms of the conceptual framework. The main problem here, I believe, is the terminology and the acceptance and use of these terms by our side. The jargon of this business, practitioners who have been working in this field for many years have already read sources in English and developed their methodology.” (Participant 8, Paragraph 17)

Participant 6 offers an alternative perspective on internalizing financial reporting standards. While individuals may attempt to grasp these standards solely through the Turkish version, such an approach is likely to fall short of providing a comprehensive understanding. Although trying to interpret the standards in Turkish is possible, the participant argues that a more profound comprehension necessitates consulting resources beyond mere translation.

He points out that the global context greatly influences financial standards and that relying exclusively on a single language, such as Turkish, may result in a limited or incomplete interpretation of these standards. This limitation arises from the difficulty of fully understanding the historical development of these concepts when relying solely on a localized version. Therefore, the participant emphasized the importance of taking broader international perspectives and references into account to achieve a more comprehensive understanding of financial reporting standards.

“When someone only looks at the Turkish side of the matter, can they do it? Yes, they can. They try to do what they understand from there.”

But in my opinion, it would not be very sufficient.” (Participant 6, Paragraph 27)

Participant 8 discusses the disparity between the theoretical application of standards and laws and the actual practices, especially as executed by foreign accounting firms in Türkiye. They note a lack of full internalization and implementation of standards, leading to a different quality of work. This observation suggests that adherence to standards in letter does not necessarily translate to their spirit being followed, reflecting a gap between policy and practice. This gap can lead to inconsistencies and a potentially lower quality of professional practice, indicating a need for a deeper, more integrated approach to professional education and practice.

“Different phases, I mean, I experienced this personally there. If we come to the exact answer to the question, it is the importance given to the subject, its significance, and the application of it, even if it is in the law or regulation or standard. Unfortunately, the way foreign accounting firms approach the subject and their failure to apply both the standards related to employees and accounting standards, as stated in the standards, is the issue. Fully internalizing and implementing them is a completely different profile, a completely different personality, and it brings out a different quality because of that.” (Participant 8, Paragraph 31)

Participant 8 discusses the broader issue of change and transformation within the country, not just limited to accounting or auditing. They point out the challenge of not only understanding or translating new concepts and practices but effectively implementing and internalizing them. This quote reflects the deeper, more pervasive challenge of embracing and adapting to change in various sectors.

“We need to find a way to translate this, but... Yes, how do we implement it? Because this is not just our problem here, Beyza, we are experiencing the same problem in all the other areas of this country that require change and transformation.” (Participant 8, Paragraph 44)

Here, Participant 8 emphasizes the importance of practical experience in the language of the profession. They suggest that simply knowing the language is not enough;

professionals must be able to use it in their work, particularly when dealing with complex international standards like IFRS. This highlights the depth of understanding and experience required to operate effectively in a global professional environment.

“Unfortunately, it is not just about learning the language. It is necessary to practice this profession by using that language. In other words, my local accountant should have something in his life, in his experience, to be able to look at the original text when he gets stuck while preparing IFRS-compliant reports in a small or medium-sized company, he should have practiced this profession in this language.”
(Participant 8, Paragraph 46)

The participant points out a lack of understanding among professionals who rely on others' knowledge without fully grasping the concepts themselves. This reliance is problematic, especially in international contexts where a deep understanding of the subject matter is crucial. The quote highlights the importance of individual competence and understanding in professional credibility.

“He does not understand. I understand, so he says, ‘He understands, so I understand.’ Well, buddy, when you go to the international arena, that word shows how knowledgeable you are about the subject.”
(Participant 8, Paragraph 46)

Participant 14 implies that for the concept of quality to be meaningful and not just theoretical, it must resonate with the users and practitioners on a practical level. This means the standards or practices must lead to outcomes that practitioners can see and feel in their work, influencing their decisions, strategies, and the overall quality of their output. When practitioners start witnessing and experiencing the benefits of these standards in their day-to-day work, the standards become internalized; they move from being external requirements to intrinsic elements of professional practice.

“Because in order for us to talk about quality, it really needs to produce a concrete result in terms of users and at least the generation of practitioners.” (Participant 14, Paragraph 22)

For the new generation of practitioners who have been trained with these standards from the outset, internalization might be more straightforward, as these standards form the foundation of their understanding of quality and professional practice. However,

for the existing generation of practitioners, internalization requires seeing tangible benefits and improvements in their work due to these standards. This might involve witnessing more informed decisions, clearer financial reporting, improved market trust, or other concrete outcomes. The difference in training and exposure significantly affects how each generation internalizes the standards. For the new generation, TFRS is likely seen as an integral and essential part of modern accounting, while for the older generation, it might be viewed as an additional layer of complexity or a challenge to their established knowledge and methods. This generational gap highlights the importance of education and early exposure in the internalization process.

“For example, the new generation, who have received TFRS training and maybe have a more up-to-date perspective on building a future career in accounting, were more educated. For example, professionals in the field had no TFRS training unless there was an independent audit process. But the new generation had significant TFRS training.”
(Participant 14, Paragraph 26)

This discussion emphasizes the critical need for both holistic understanding and practical application in the process of internalizing financial reporting standards, advocating for a comprehensive approach that includes multilingual proficiency, cultural adaptability, and experiential learning to navigate the complexities of global finance effectively.

5.3.2.5.3. Preparing Financial Statements

As previously discussed in the section on challenges related to principle-based standards, financial statement preparers have noted that their work mainly consists of routine tasks that do not typically require an in-depth analysis of the financial statements. However, when a new standard is introduced or when they encounter a complex transaction, the inherent nature of principle-based standards, which demand judgment, makes preparers seek out examples to enhance their understanding of the concepts involved.

Due to its principle-based nature and its openness to interpretation, preparers often avoid taking risks and instead rely on auditors, as they cannot afford to make mistakes in their financial reporting. Nevertheless, they have conveyed that there is a scarcity of resources available, both in Turkish and English, to assist them in these situations.

Consequently, they often find it necessary to consult with their auditors for guidance and clarification. This indicates a reliance on auditors as a valuable resource when understanding the complexities of principle-based standards. This highlights the need for more accessible and comprehensive guidance materials in the field, regardless of language.

5.3.2.5.3.1. Do not Prepare Financial Statements

Exploring the roles within financial reporting reveals a nuanced view of the necessity for expertise in financial standards across different positions. Participant 9 creates a link between being an auditor and knowing financial reporting standards. He believes that auditors should possess knowledge of financial reporting standards. However, they do not think it is necessary for someone in the role of a financial statement preparer, which is their current position, to have the same level of expertise in these standards. They explain that they worked in the audit sector before transitioning to their current role as a financial statement preparer. During their time in auditing, they diligently followed financial reporting standards. However, now that they are no longer in the role of an auditor but rather a financial statement preparer, they express the view that they no longer need to keep track of these standards actively.

“The auditor translates it into a level that we can understand, that the client can understand. I worked in auditing for 3 years. It is over in my life. My expertise is no longer in that area when a new standard comes in. My expertise has gone somewhere else. But they really help in these matters. Because, in the end, we have a financial relationship between us. I do not have too much trouble.” (Participant 9, Paragraph 33)

Participant 14 reflects on her observations of the independent audit process, pointing out a fundamental flaw in how it is conducted, which seems to undermine the integrity and purpose of auditing. Conceptually, auditing is meant to be an independent and objective examination of financial statements to ensure their accuracy and compliance with applicable standards, such as TFRS. The process should ideally involve different entities: one that prepares the financial statements and another independent auditor or auditing firm that reviews and verifies them.

However, the participant reveals a critical issue in practice: the same individual or entity is both preparing and auditing the financial statements. This scenario is a

significant deviation from standard auditing practices, where independence is a key principle. By having the same party prepare and audit the financial statements, the objectivity and credibility of the audit are compromised. The participant candidly describes this situation as ‘pretending to do things’, suggesting that while the motions of the process are performed, the essence and effectiveness of independent auditing are lost.

“For example, in the independent audit process, I observed the following: Normally, when we define auditing conceptually or consider it in terms of procedural processes, auditing firms prepare these financial statements, right? They also prepare financial statements compliant with TFRS. So, they make adjustments between them. An individual with the role of an independent auditor goes and audits both, then gives their opinion after the audit. There is no such process at all. I am the one who prepares and audits. I remember giving my opinion on the report. With this process, we are basically pretending to do things.” (Participant 14, Paragraph 59)

This practice not only undermines the trust in the auditing process but also raises questions about the accuracy and reliability of the financial statements. Without genuine independent verification, stakeholders, including investors, regulators, and the public, cannot be confident that the financial reports truly reflect the company’s financial position and performance.

Participant 14’s observations highlight the need for a stricter enforcement of independence in auditing and a reevaluation of the processes to ensure they adhere to the highest standards of integrity and objectivity. Addressing this issue is crucial for maintaining trust in the financial reporting and auditing process, which is foundational for the functioning of transparent and efficient markets.

Participant 15 further sheds light on a problematic discrepancy between the ideal and actual practices in financial reporting and auditing in Türkiye. He explains that while there is a regulatory threshold determining which companies are subject to independent audit, the process that unfolds in reality diverges significantly from the expected procedure. Ideally, companies should prepare their financial statements in accordance with IFRS or TFRS before an independent audit firm reviews them for

accuracy and compliance. However, the participant reveals a concerning reality where 99% of companies are unable to prepare these statements on their own. As a result, audit firms step in not just to audit but also to prepare the financial statements by manipulating and converting the information from the companies' balance sheets, which are initially prepared according to the Ministry of Finance's tax procedure law, into IFRS format. This leads to a situation where audit firms are essentially reviewing and verifying their own work, which undermines the independence and objectivity crucial to the auditing process. This practice raises serious questions about the integrity and reliability of financial reporting and auditing in the region.

“... there are companies subject to independent audit. If they exceed certain limits, they become subject to audit, right? But companies should prepare their own financial statements according to UFRS or TFRS, and then the audit firm should come and audit them, just to check what you've done. Now, because 99% of the companies cannot prepare these, the audit firm comes in. They take the information from the balance sheet that the companies have prepared according to the Ministry of Finance's tax procedure law, they manipulate it, and convert it into UFRS. Then they perform the audit. They essentially take on the task of verifying what they themselves have done.” (Participant 15, Paragraph 27)

These insights highlight the urgent need for stricter adherence to the principles of auditing independence to ensure the integrity and reliability of financial reporting.

5.3.2.5.3.2. Relying on Auditors

The reliance on auditors for interpreting and applying new accounting standards reflects a significant trend among industry professionals. Participant 9 shows that, as an industry professional, they consult their audit firms directly when a new accounting standard is introduced. This indicates that audit firms are seen as trusted advisors who can provide guidance and interpretation of the standards. He mentions that they do not read English texts or refer to the TFRS in their decision-making process. Instead, they rely on the translation and explanation provided by their audit firms. This suggests that audit firms act as intermediaries between the industry professionals and the accounting standards, simplifying the language and concepts for better understanding.

“Well, it mostly works like this: Now that we’re on the industry side, some audit firms audit us, so when a new standard comes up, we actually directly consult our audit firm. We do not sit down and go through any English text or check what the POAAB says about that standard. Because we have independent audit firms that we pay for this purpose, and we consult with them, they already translate it for us in a way we can understand.” (Participant 9, Paragraph 9)

Participant 9 further explains their consultancy with the auditors:

“They usually send us their English version and highlight it for us. They say, ‘Look, you fall under this category or that category.’” (Participant 9, Paragraph 23)

During the interview, Participant 9 explained that they depend on auditors to interpret and guide the implementation of new accounting standards. This is due to a lack of quality sources, making it difficult for them to understand the subject matter independently.

“We are very dependent on our auditors. Because this is how it goes. We always have to trust their expertise. We have to go where they guide us.” (Participant 9, Paragraph 27)

He further explains his pragmatic approach to dealing with the complexities of accounting standards. They are prepared to hire a consultant if they cannot apply the standard themselves due to its complexity.

“At the end of the day, if I cannot apply this standard, I’ll pay for a consultant to apply it. So, I do not worry too much about it.” (Participant 9, Paragraph 29)

Given the complexities and updates in financial reporting, Participant 7 emphasizes the importance of consulting with audit teams, especially when new applications or company-related issues arise. She highlights the auditors’ have access to more extensive and comprehensive data, which is crucial for accurate reporting. The company finds it challenging to independently search for information or decide on presentation and accounting methods, thus heavily relying on auditors as their primary source of consultation.

“They have more extensive and comprehensive data. It is harder for us to search on Google or reach sources compared to them. We do reach them, but it is challenging to decide how to present or account for it. In the end, we consult them again, as their resources are more comprehensive. That’s why our primary source of consultation is auditing.” (Participant 7, Paragraph 6)

Participant 7 emphasizes the importance of caution and external validation when preparing critical financial reports. They mention that they never proceed based solely on their own internal views but always seek an opinion from auditors to ensure accuracy and compliance. This careful approach is driven by the significance of these reports to external stakeholders and the potential consequences of inaccuracies.

“Actually, we always proceed with caution regarding such reports. If it is SPK reporting or IFRS reporting for banks, for example, these are very important reports as they are published or sent to external stakeholders like banks. We never proceed without getting an opinion from auditors. We do not even move forward based on our own internal views.” (Participant 7, Paragraph 41)

Participant 15 acknowledges and supports other quotes of the other participants from an auditor perspective. The inability of companies to prepare their own financial statements in accordance with international standards forces them to rely heavily on external auditors, not just for auditing but for the preparation of statements as well.

“In Türkiye, the quality of financial reporting is more affected by factors such as the lack of dedicated budget units in companies to prepare their financial statements, their inability to produce their own financial statements, not employing staff who are knowledgeable about IFRS and ITFRS, and consequently, their dependence on independent audit firms for such matters.” (Participant 15, Paragraph 27)

This reliance underlines the role of audit firms in connecting complex international standards and the practical needs of companies, highlighting the importance of trust, expertise, and collaboration in ensuring the integrity and compliance of financial reporting.

5.3.2.5.3.3. *Asking Direct Involvement of Auditor*

Auditors' involvement in financial reporting practices is crucial, as highlighted by the participants. Participant 9 stated that they directly consult their auditors for guidance and clarification whenever they encounter difficulties with a particular entry. Their first point of contact is usually the partner auditor responsible for signing their firm's audit report. This helps them avoid any complications during the auditing process.

If we are in a dilemma, we have a meeting with the partner who will sign the audit directly. 'Look, this is how we apply it. We put it here. Its impact on the financial statement is this. If there's a P&L [profit and loss statement] impact, it is this. The interpretation is up to you.' If you do not approve it, show us the right way. (Participant 9, Paragraph 25-26)"

Furthermore, he provides an example of his recent experience on this topic, highlighting his proactive approach to avoidance of conflicts. He expresses a preference for shifting any potential risks to the auditor's responsibility. This way, he potentially aims to prevent any blame or criticism directed at his team regarding these journal entries during the audit process:

"I experienced this just two or three months ago. I directly called my auditor. I shared my screen. 'Brother, you add the entry if you do not like it. We want to learn.' He added it, and then he has no right to say anything." (Participant 9, Paragraph 25)

Participant 7 has a similar experience, emphasizing the proactive and continuous engagement with auditors for financial reporting and compliance.

"When a new application comes or when there is a new issue related to the company, we first ask how it should be shown in SPK and how it is shown in IFRS, primarily consulting with auditors. They sign our report, so it is essential to get their approval for the record." (Participant 7, Paragraph 6)

She further describes a cautious and consultative approach to handling new or unfamiliar issues at the company she works at. She emphasizes the importance of seeking guidance from auditors before proceeding, detailing how they present the issue, their thoughts, and ask for confirmation or advice on how it should be recorded.

“We always consult, whether it is Turkish or English. For example, at Teknosa, if there’s a new issue we have not dealt with before, we always write to the auditors. We say, ‘This is the issue. We thought this. Is it correct? Where do you think it should be shown?’ We wait for their opinion before making any entries.” (Participant 7, Paragraph 43)

Participant 7 highlights their reliance on auditors as a primary source of guidance, even when there are legislative changes or updates in financial reporting standards. They discuss how they seek confirmation and clarification from the audit team to ensure their understanding and application of changes are correct. This reliance on the auditors highlights the complexity of financial regulations and the need for expert interpretations, which are sometimes clearer in the native language (Turkish).

“Which resources do we use? Generally, when there’s a legislative change, it is very rare, but even then, we go to the auditor and ask, ‘Is this what they meant?’ Even in those cases, our connection is still with the auditor. I remember there was a change in taxonomy once. Cash flow classifications had changed. Even then, we consulted with the audit team asking, ‘Did we understand this correctly? Is this how we should show it?’ They could share more explicit documents, but those will be in Turkish, clearer in Turkish.” (Participant 7, Paragraph 46)

This need stems from the auditors’ ultimate responsibility for the financial reports they sign off on. By involving them early and often, the participants aim to shift potential risk away from their team and toward the auditors, should any issues arise. This practice not only helps in maintaining a clear and compliant financial reporting process but also serves as a protective shield against potential future disputes, criticisms, or conflicts that might arise during audits.

5.3.2.5.3.4. Auditors Have Expertise

The expertise of auditors plays a crucial role in simplifying complex financial standards and guiding companies through intricate reporting requirements. Participants in this study highlight the invaluable support provided by auditors in interpreting standards, providing templates, and ensuring compliance with regulatory frameworks. Participant 9 mentioned that auditors often simplify complex standards by providing bullet points and asking specific questions that can be answered with a

'yes' or 'no'. The participant appreciates this simplification, as it helps them make sense of complex scenarios like determining whether a transaction is a business combination or an asset acquisition.

"In the end, they always take the standard and translate it into a format that we can understand better, like bullet points. When they send it to the client in a way the client can evaluate. Recently, we had a business combination. We were stuck between whether it was a business combination or an asset acquisition. We exchanged emails with the auditor. The emails are ready. He sent me bullet points. He said, 'Do not think too much. Answer these three questions with yes or no'. Below, he drew a multiplication sign according to yes or no. He said, 'Consider whether there's a business acquisition or an asset acquisition based on the yes or no'. The auditor translates it into a level that we can understand, and that the client can understand. (Participant 9, Paragraph 33)

Participant 7 discusses their experience consulting with their auditor on IAS 29. She says that a template was provided for their financials to be adjusted according to IAS 29 for one year by their auditors, and they now continue this practice quarterly for IFRS reporting to the holding company. This highlights the auditors direct involvement in the preparation on the financial statements.

"Yes, for instance, we also received consultancy from [their Big4 auditor] on IAS 29. We discussed how to calculate, which items need to be calculated, whether to do non-monetary or monetary items, how to apply capital. We discussed these with the audit teams in detail. They prepared a template for us for one year and shared their opinions. They converted our financials to comply with IAS 29 for one year. Now, we have started doing this every quarter. It is not yet a legal requirement, but we are doing it for our IFRS reporting for the holding company. And we send the financials to the holding company adjusted according to IAS 29. We are applying it here, for example. (Participant 7, Paragraph 23)"

Participant 6 expresses reliance on their audit firm for interpreting and applying TFRS,

indicating trust in external expertise over personal or internal engagement with the standards.

Let's not say 'POAAB', but when it comes to TFRS, our audit firm is already involved in preparing our financial statements. Their perspectives and practices are sufficient for us. I do not make decisions by comparing what POAAB says to what is in the IFRS text. For me, it is the final destination. (Participant 8, Paragraph 9)

Participant 10 describes the standardization within audit firms, where the same formats and templates are used universally for footnotes and other documentation. This practice indicates a streamlined approach designed for efficiency and consistency. However, while this uniformity can ensure a certain quality standard and comparability, it might also raise questions about the flexibility and adaptability of these templates to specific cases or unique business environments.

"There are also formats for audit firms, you know, they use the same format everywhere. They have the same format for each footnote, and there's a portal for it that pulls and uses it everywhere." (Participant 10, Paragraph 19)

The competence of auditors is essential in facilitating clear communication and providing guidance in intricate financial reporting. Their assistance streamlines regulations and fosters transparency in producing accurate and compliant financial statements.

5.3.2.5.3.5. Trust in the Audit Process

Trust in the audit process is crucial in financial reporting. Participant 9 believes translating financial reporting standards into Turkish would not compromise their quality. They argue that if a company is publicly listed and audited by an independent auditor, there is already a preliminary assessment of whether the reporting standard is being applied correctly. The participant suggests that whether financial reports are read in English or Turkish, applying reporting standards and subsequent auditing would ensure the accuracy and quality of the reports.

"Well, at the end of the day, if it is going to be a public company like us or if it is going through the oversight of the, or if an independent auditor is reviewing it, there is already a preliminary assessment of

whether the standard is being applied incorrectly. So, you read it in English, you read it in Turkish, and you apply the standard and then audit it. I do not think a report's quality would be lower due to translation.” (Participant 9, Paragraph 19)

Trust plays a vital role in audits, ensuring accurate financial reporting and boosting stakeholder confidence. Participant 9's insights highlight this.

5.3.2.5.3.6. Cannot Afford to Make Mistakes

Due to principle-based accounting's nature and being open to interpretation, they express their concern that they cannot afford to make a mistake in these interpretations. Participant 7 highlights the importance of legal and expert validation in their reporting process. She mentions always consulting and getting approval from experts to avoid legal risks, highlighting the significance of a second opinion in ensuring accuracy and compliance. This is particularly important for publicly traded companies like her, where reports are scrutinized by investors and mistakes can have serious repercussions.

“We do not advance without ensuring our own security. Yes, we might find something in Turkish sources, but we always consult and get approval at the end of the day, so we never put ourselves at risk of legal issues without being sure. We always proceed by getting approval and opinions, securing a second expert's opinion. We are obliged to do so, especially since SPK reports are public due to being a publicly traded company. Investors scrutinize these reports. We cannot afford to make mistakes based on our own decisions. We cannot take that risk.”
(Participant 7, Paragraph 41)

Reiterating the theme of security and validation, the participant details their practice of consulting with expert audit teams before moving forward on any issue. They rely heavily on the manager or partner of the audit team for their opinion, emphasizing the importance of external expertise in ensuring their own security and accuracy in financial reporting.

“Whenever there is an issue, we always consult with expert teams, the audit team. The audit team's manager or partner gives us their opinion. We do not advance without ensuring our own security. (Participant 7, Paragraph 41)”

Participant 9 describes the high-stakes environment of financial reporting and auditing, emphasizing the pressure to avoid mistakes due to the severe consequences they can entail.

“Now, imagine a company like mine. The auditor comes once a year. I report to the management every month. I can’t turn to the management and say this: “I made a wrong entry of 100 million in month 6”, or something like that. They’d kick me out the door. In those situations, we really experience stressful things. Our hands are tied. We have to say what the auditor says.” (Participant 9, Paragraph 58-59)

These experience reflects a broader theme in the financial sector where accuracy is paramount, and mistakes can have dire consequences. It highlights the high level of precision and diligence required in financial reporting and the intense stress professionals in this field can face. This stress is not just about maintaining one’s job but also about upholding the financial integrity and credibility of the organization they represent. The narratives paint a picture of a highly demanding professional environment where there is little room for error, and the consequences of mistakes extend far beyond mere financial repercussions.

5.3.2.5.3.7. Reconciling Local Standards with International Expectations

Reconciling local financial standards with international expectations poses a significant challenge. This has been highlighted by individuals who have shared their insights on navigating this complex terrain. Participant 6 highlights a tension between domestic financial practices, which are often more detailed and rule-based, and the broader, principle-based approach of IFRS. This tension creates a challenging environment for preparing financial statements that need to be locally and globally acceptable. He explains that while local auditors may approve financial statements, international counterparts might challenge these, leading to legal disputes. This indicates a need for a deep understanding and careful negotiation of both sets of standards.

“The expectation of country’s regulation is higher than the expectations of foreign countries. You say, ‘In this country, we do it like this. We understand it this way, and we’ve issued it like this. The figure in the financial statement is this. Our auditor has signed it in this way.

Any auditor from the POAAB would also trust this. Therefore, the legal consequence of this is this.’. When you share this, your counterpart abroad will say “We will bring this to court”. There will be a court. It would become a legal matter. They do not do something like that. This is not only for Türkiye but also for other countries. They say, “Yes, if it is like this here, I will make an adjustment entry for that partnership in my central office if there is a difference in materiality.” In large companies, these amounts often exceed a million dollars. They make an adjustment entry for that partnership and keep it in their local financial statements. They keep it in their consolidation statements.”
(Participant 6, Paragraph 34)

The practice of making adjustment entries in large companies to reconcile differences between local and international reporting standards highlights a pragmatic approach to dealing with material differences. However, it also points to the inherent challenges in ensuring that financial statements are both locally compliant and internationally understandable.

Adopting IFRS in a rule-based country involves not just translating the language but also interpreting the broader, principle-based standards in a way that aligns with local practices and regulations. This can lead to significant challenges in ensuring that the financial statements are properly prepared and understood in different contexts.

5.3.2.5.3.8. Multilingual Reporting

Multilingual reporting poses intricate challenges and procedural considerations for companies involved in global business interactions. Participant 10 highlights the practical concerns and procedural steps companies undertake when dealing with multilingual reporting, particularly for international business interactions like sending IFRS reports to global clients such as Volkswagen. The preference for bilingual reporting highlights the need for accuracy and mutual understanding in financial communication. Companies are diligent in verifying that translations accurately reflect the original content, illustrating the importance of transparency and precision in financial documentation. The practice of consulting higher-ups like managers or partners for clarification on complex or ambiguous matters indicates a hierarchical, collaborative approach to problem-solving and decision-making. This reflects a

thorough, cautious approach to ensure accuracy and compliance, especially when dealing with significant international partners and complex standards like IFRS.

“Most companies actually want it in both languages if they can provide it in two languages. Questions like, ‘Did they write the same thing here, or is it different? We’re going to send this IFRS report to Volkswagen, to our customer. Let’s check it; let’s not just read the Turkish version and move on’, and questions like that could arise. It could happen to both me and the audit team manager, or they would call their partner. They usually did not call their partner unless it was a really difficult situation, but they would usually call the manager and ask questions like, ‘What did you mean by this, where is this going?’ and things like that.” (Participant 10, Paragraph 19)

Participant 10 discusses the practical implications of language differences in the context of auditing and financial reporting, particularly regarding the translation of reports and footnotes. They note that during audits, receiving both English and Turkish versions of a report can lead to confusion and doubts about whether the translations convey the same meaning. This situation is further complicated by the fact that audit firms have specialized departments responsible for preparing and updating footnotes according to changes in standards. Misunderstandings or discrepancies in translations can lead to inefficient processes, with back-and-forth communications to clarify or confirm the intended meaning. The participant highlights these “negative effects” as real challenges faced in multinational environments where accurate and consistent translation is crucial for clear understanding and effective auditing. This insight emphasizes the importance of precision and careful review in the translation process, as well as the potential for improved processes or tools to ensure consistency and reduce misunderstandings.

“Like I said, it happens, and we are also audited by the company on the other side. Sometimes, what they mean here can be misunderstood. We receive both the English and Turkish versions of a report. There can be doubts about whether they said the same thing on that side during the translation of footnotes. In fact, there is a department in audit firms just for footnotes. Their job is to prepare footnotes and, if there are updates in the standards, revise them accordingly. Here, some

things can happen, and there can be inefficient processes. We send comments, they go back again, and they say, 'There's nothing here; it is the same thing' and so on. There can be such negative effects; we can experience things like that." (Participant 10, Paragraph 28)

The insights stress the complexities of multilingual reporting, emphasizing the importance of precision and transparency in financial communication. Addressing translation discrepancies necessitates thorough review processes to ensure coherence and accuracy, highlighting companies' ongoing efforts to navigate linguistic diversity effectively in their financial reporting practices.

5.3.2.5.3.9. Auditors have English Sources

The reliance on English sources among auditors, as observed by Participant 7, point out the global nature of accounting standards and the predominant language in which they are disseminated. Participant 7 notes that the auditors they work with commonly refer to and analyze English standards. The participant observes a predominance of foreign sources in English and a scarcity of Turkish resources in this area. This reliance on English sources likely reflects the global nature of accounting standards and the original language in which they are written and disseminated.

"They generally use English sources. They analyze the issue and tell us that it is stated this way in the source, also sharing the source with us. These are entirely foreign sources in English. I have hardly come across Turkish sources. (Participant 7, Paragraph 8)"

She reflects on her experience with implementing IFRS 16 at a company she previously worked at, noting the limited Turkish resources available and the necessity of consulting in English. She mentions receiving consultancy from Big 4 firms, who provided guidance using English texts. However, despite the English language material, she emphasizes that the consultancy team communicated their advice in Turkish, ensuring there was no language barrier in understanding and applying the standards. This suggests a blending of global expertise with local understanding to effectively implement complex international standards.

"I think it is because the standards were originally implemented in English, and were translated later. For example, when we were implementing IFRS 16 at [Company where she worked at], Turkish

resources were very limited. We received consultancy in English. [Big 4] was our auditor, and we received consultancy from [Another Big 4] on IFRS 16. They guide us with foreign texts and English texts, but as they are a consultancy team, they explain it to us in Turkish. So, we do not have a problem with English or translations. The consultancy team supports us in every way.” (Participant 7, Paragraph 10)

Participant 10 reflects on their experience at a Big 4, noting that the documentation and handbooks used were primarily in English and often referred directly to IFRS. This reliance on English-language resources suggests a globalized approach to accounting and auditing, where international standards are directly incorporated into practice. It also indicates the importance of English proficiency for professionals in the field.

“Especially during my time at [Big4], when I was working at the audit firm, we were mainly working with their documentation, handbooks, which were generally in English, or rather, they referred to certain paragraphs of IFRS standards, so we were working with those. They guided us in that way.” (Participant 10, Paragraph 12)

Participant 9 also has a similar experience. He describes a system where they could access detailed information on any given standard. This resource not only included the standard’s definition but also provided headings, bullet points, English explanations, and practical examples.

“When I was working at [Big 4], I had this. You could enter any standard. It would give you everything related to that standard. From its definition to headings, bullet points, English explanations, and a couple of examples.” (Participant 9, Paragraph 35)

The use of English explanations and examples might be because the auditors can access the standards in their original language, minimizing the risk of misinterpretation that might occur with translations. Access to detailed, original-language resources on accounting standards is a critical tool that enables auditors to perform their duties with a higher degree of accuracy and confidence. It highlights the advantage that auditors in large, global firms have in terms of resource availability, which can significantly impact the quality of their audit work.

5.3.2.5.4. Accounting Profession

In this section, adoption and implementation challenges associated with the accounting profession theme are analyzed.

5.3.2.5.4.1. Competence

Participant 9 expresses confidence in the Turkish translations of the IFRS, indicating that he does not perceive the translation itself as a barrier to understanding. Instead, the participant suggests that any difficulties in comprehension are likely due to the reader's technical capacity rather than the quality of the translation. This perspective is significant because it shifts the focus from the potential issues in translation to the technical expertise and understanding within the company. The participant trusts the Turkish translations and relies more on auditors for clarification and assistance, suggesting a reliance on professional expertise over direct engagement with the original English texts or translations.

“Honestly, is not there a complete Turkish translation of IFRS anywhere right now? There is. Turkish financial reporting standards. Is not it a direct Turkish translation of all the standards of IFRS that we know? So, even if I do not understand that translation, I do not really look at it thinking that the problem lies in the translation. I look at it thinking that our technical capacity is not sufficient.” (Participant 9, Paragraph 16)

This response also reflects a broader trust in the translation process and the available Turkish versions of the IFRS, implying that the translation issues, if any, are not significant enough to impede understanding among professionals with adequate technical knowledge. He continues:

“So, we rely more on auditors to assist us in this regard. If I were to say that I had a problem, I would be lying. So, we do not have a problem with it being translated into Turkish. If there is something I do not understand, I do not think it is because of the translation. I think it is because we cannot understand it.” (Participant 9, Paragraph 16)

Participant 7 addresses this topic from a hiring perspective. She explains that they prefer hiring individuals with a background in auditing. This preference stems from the belief that candidates with audit experience know the accounting concepts.

Consequently, there is less concern about their familiarity with English IFRS or its Turkish translation, as they are already well-versed in the subject. This hiring strategy reflects the value placed on expertise and prior experience in auditing when selecting new team members.

“We look for experienced people, and they usually come from an auditing background. They are already accustomed to it. So we do not have problems with the Turkish or English parts.” (Participant 7, Paragraph 34)

Participant 6 expresses concern over the lack of skilled financial analysts in Türkiye capable of deeply understanding and interpreting financial statements, which is crucial for informed investment decisions and a robust capital market.

“Unfortunately, we do not have financial analysts who can read these financial statements, analyze the numbers, make comments based on an analysis, and give recommendations on whether or not to invest in those numbers.” (Participant 8, Paragraph 25)

As the accountants’ main tasks are centered around maintaining routine tasks, Participant 6 further mentions that even if translations of IFRS were provided and accountants adapted their financial statements to these standards, there would be a considerable gap in understanding and application. The professionals are described as quite distant from the subject matter, implying that the shift to IFRS would require substantial retraining and adjustment in practices for those accustomed to Turkish standards.

“Right now, we aim to move towards IFRS. However, the primary job of independent accountants and financial advisors, who are the main workforce in this field, is to maintain ledgers according to Turkish tax regulations, prepare declarations based on these regulations, and manage accounting records according to the Uniform Chart of Accounts. Now, if you were to provide them with translations of international financial reporting standards, and they were to adapt the financial statements they prepare in accordance with the Uniform Chart of Accounts accordingly, and then translate them back to meet the requirements of certain entities, these individuals are quite distant

from this subject matter. They are incredibly far removed from it. (Participant 6, Paragraph 43)”

He emphasizes the complexity and specialized nature of transitioning to IFRS, suggesting that such topics are beyond casual discussion. He acknowledges the roles of translators and regulatory bodies in facilitating this transition. Still, he expresses a concern that most accountants in Türkiye lack the necessary knowledge and expertise to contribute to implementing IFRS effectively. This statement highlights a perceived gap between current practices and international standards, highlighting the need for education and training in accounting to bridge this gap.

“These are not topics to be discussed during casual conversations or coffee breaks. These are complex and specialized matters. We, such as translators and regulatory bodies, can get involved in this process, but unfortunately, accountants in Türkiye, who make up the majority of the profession, do not yet possess the knowledge and expertise to contribute effectively to International Financial Reporting Standards. (Participant 6, Paragraph 43)”

Participant 6 discusses the impact of educational efforts in the accounting profession in Türkiye and expresses skepticism about the reach and engagement with the articles and materials provided by professional organizations. He questions who reads and finds these articles interesting and how many people thoroughly engage with and understand them. Despite the availability of resources and discussions on topics like IFRS, the participant suggests a considerable gap in active engagement and application within the profession.

*“However, there are significant question marks regarding who reads these articles, who finds them interesting, and how many people truly read and evaluate them. Unfortunately, due to the unique positioning of the accounting profession in Türkiye, there is still a long way to go in terms of engaging in tasks related to International Financial Reporting Standards. (Participant 6, Paragraph 43)”*Participant 8 makes two assumptions about the type of people involved in the translation process. He suggests that those from the private sector might not be as knowledgeable about the subject matter and that even

unqualified individuals are sometimes tasked with translations, leading to significant issues.

“Now I’ll make two assumptions. Or, here’s a bit of a publicly owned side, where people on the private side are not as knowledgeable about both the subject and the issue. That is, some people who are not so familiar with accounting standards are also assigned to this task. But the biggest thing that happens to us is that even people who really do not know what the subject is are assigned to do translations for them.”

(Participant 8, Paragraph 9)

Participant 8 points out the gap between the existence of standards and laws and the practical understanding and application of these by local firms. The comparison to an ‘expression from outer space’ suggests a significant disconnect, implying a lack of professional competence or awareness among these firms. This highlights the need for better education, communication, and support to ensure that standards and laws are not only known but also understood and effectively implemented.

“In our country, we have standards, we have laws, but no one would go and say to local firms, ‘What does this mean?’ It sounds like an expression from outer space to them.” (Participant 8, Paragraph 36)

Participant 8 expresses concern about the quality of professionals who have already been integrated into executive or regulatory roles. They highlight the difficulty in improving quality when those lacking the necessary skills or knowledge are in positions of influence. The participant implies that without better-qualified individuals to guide and correct them, the mistakes and errors will persist, indicating a systemic issue within the profession.

“But now they are on the executive side, so one, of course, those who were taken in at the time, etc., for improving quality, I do not know, you cannot exclude them, they are inside, they are regulators, they are in some status, you have to include them, but if you do not know the subject better than them, if you cannot turn them around and bring them to where they should be, the mistakes or errors that are being made will continue.” (Participant 8, Paragraph 44)

Participant 15 identifies a critical issue in the audit sector in Türkiye: a

paradoxical situation where there is both a surplus and a shortage of auditors. On one hand, there are numerically many auditors and numerous independent audit firms, as evident from records like those on the POAAB's website. However, there is a significant shortage of auditors who possess the necessary knowledge and expertise in TFRS and IFRS. This lack of skilled professionals who are well-versed in these complex and critical standards leads to a gap in the quality of auditing. The participant implies that many auditors may not be inclined or adequately prepared to undertake the nuanced work required by these standards. This deficiency is attributed to issues with training and competence in the sector.

“... if we were to list the problems in the audit sector in Türkiye, one of them would be the shortage of auditors who are knowledgeable about these TFRSs, AISs, and IFRSs, in terms of numbers. There are too many auditors in terms of numbers, okay? Or in terms of numbers, you can check the POAAB's website; there are a lot of independent audit firms. But these firms are not composed of individuals who are inclined to do this work, in terms of expertise. That's why there is an issue with training and competence here.” (Participant 15, Paragraph 27)

Participant 8 reflects a fundamental concern about the practical education and real-world understanding of professionals, in this case, auditors trained by large, prestigious firms like the Big 4. The participant, likely a seasoned professional with extensive experience, expresses frustration over a new partner from a Big 4 company who, despite formal training, lacks a deep understanding of accounting's essence. This gap becomes evident during a detailed discussion about a specific standard, where the participant had to intervene to correct and explain the real-world application and implications of the standard to the new partner. The incident highlights a broader issue in professional education and training, where theoretical knowledge might not adequately prepare individuals for practical, nuanced challenges they face in their careers. The removal of the sentence from the report signifies a correction of a potentially flawed understanding or application of standards, underscoring the importance of experience and in-depth understanding over just formal education. This quote serves as a critique of the training methods of large firms and a call for a more integrated approach that combines theoretical knowledge with practical understanding

and experience.

“I’ve had arguments about this with some people at [Big 4] on certain issues. For example, they train auditors. The person they train as an auditor graduates from your school, goes there, and receives training related to auditing. But the child does not know the essence of accounting. Then, when working on that standard last year, or was it the year before, which topic was it, one of our subjects. I had left it to someone else to handle at the time. I intervened, sat down with the guy. I said, ‘Look, brother’, he was a new partner from [Big 4]. I said, ‘You’re saying this like this, but here it is like this, here it is like this, this is how the job is, and this is how it is.’ I explained both the topic he was analyzing or auditing and the topic from that standard. We finally proved our point, and we removed that sentence he had written in the report from there.” (Participant 8, Paragraph 12)

Participant 11 discusses a scenario where discrepancies arise between the application of IFRS and Turkish laws within an IFRS company. They describe a situation where a necessary entry according to IFRS was not made because the individuals involved were interpreting and following Turkish laws differently. This oversight was compounded by the fact that checks were only performed quarterly, leading to a three-month delay before the missing entries were noticed.

“For example, because it is an IFRS company, there should be a certain entry according to IFRS. But because they looked at Turkish laws in their own way, they did not make that entry. And the person who checked it only checked it every three months, so after three months, they realized that the entries were missing. Actually, for that side, they say, ‘Go to your reports every month’. And every month, the report is actually incorrect. Of course, they only send an e-mail, saying, ‘Be careful, implement these processes, we’ve told you, we’ve taught you’.” (Participant 11, Paragraph 59)

Participant 11 points out that although the company is advised to review reports monthly, the reports continued to be incorrect, indicating a systemic issue in the adherence to and understanding of IFRS. The response from the oversight side seems

to be merely sending emails advising staff to be careful and follow the processes they've been taught. This approach suggests a lack of rigorous enforcement and perhaps a lack of effective training or understanding on the part of the employees responsible for the entries.

Further, Participant 11 mentions that despite the errors, the consequences were limited to warnings with 'big fonts and bold letters', indicating that while the mistake was noted, it did not lead to serious legal repercussions.

“But nothing legal happened. They were subject to warnings. With big fonts and bold letters. But it was due to the implementation of tax procedure law. They did not do something because of translation differences. They looked at the Turkish text. They made an entry based on what they understood from the Turkish text. But others looked at the English text and understood something different. It was not because of this actually. It is a bit related to this. Because the person knows Turkish, actually. He reads and knows Turkish. It is his native language to some extent. And he did it based on what he knows. Actually, it became like it would not be the way he knew. If he had looked at the foreign language, he might have made the correct entry anyway. But because he knew and read Turkish laws in his own way, he did what he considered correct.” (Participant 11, Paragraph 61)

This situation highlights several key points:

Language and Interpretation: She points out that the individual, being a native Turkish participant, relied on their understanding of the Turkish laws. This highlights how native language and familiarity can influence one's approach to interpreting and applying rules, even when an alternative understanding might be derived from a different language version of the same text.

Impact of Translation Differences: The incident illustrates how translation differences can lead to substantial discrepancies in financial entries. Even if the translations are supposed to convey the same meaning, the nuances of language can lead to different interpretations and, consequently, different actions.

Responsibility and Compliance: The participant suggests that if the individual had consulted the English text, they might have made the correct entry. This raises

questions about the responsibility of professionals to ensure their understanding and application of laws and standards are accurate, especially in a multinational context where multiple language versions are available.

Training and Awareness: The scenario indicates a potential need for more comprehensive training and awareness regarding the importance of cross-referencing and understanding the subtleties of translated texts, especially in environments where both national and international standards apply.

5.3.2.5.4.2. Accounting Profession in Türkiye is Audit Focused

The evolution of the accounting profession in Türkiye has been influenced by historical factors, particularly the dominance of auditing practices, primarily by major firms. This influence has shaped the landscape of accounting, potentially leading to a profession heavily focused on audit activities. Participant 8 reflects on the historical dominance of auditing in Türkiye, noting that even after accounting was officially recognized as a profession in 1988, the field was largely under the influence of the Big 4 or Big 5 firms. This dominance suggests a profession shaped significantly by these large firms' practices and priorities, which have traditionally been audit-focused. This history may have profound implications for the development and culture of accounting in Türkiye, possibly leading to a focus on audit practices at the expense of other aspects of accounting.

“In our country, the issue of auditing has been going on for many years. As a profession, back in 1988, with our profession law, I do not remember the number, I think it was 51 or something, we put accounting in it. Both before and after the date they designated for accounting as a profession, it was an event that took place entirely under the hegemony of the Big 4 or Big 5.” (Participant 8, Paragraph 27)

He further highlights a division or tension between academicians and practitioners in accounting and auditing, likening it to the competitive nature between the Big 4 firms. This tension might stem from differing perspectives, priorities, and methodologies between those who study and teach accounting and those who practice it in the field. Such a divide can lead to misunderstandings, lack of collaboration, and possibly a disjointed progression of the field, where theory and practice do not effectively inform

and improve each other.

“Both academicians and practitioners of accounting, from not liking each other to not loving each other, and everything in between. It was as if they were the Big 4 confronting each other. (Participant 8, Paragraph 31)”

The division between academicians and practitioners, reminiscent of the competitive nature among Big 4 firms, underscores a potential disconnect between theory and practice within the profession. Bridging this gap and fostering collaboration between academia and industry could lead to a more holistic advancement of the accounting field in Türkiye.

5.3.2.5.4.3. Need Improvement in Ethics

The discourse on professional ethics within the accounting sector in Türkiye highlights a critical gap in the prevailing professional culture, as observed by Participant 8. This lack highlights the need for a stronger emphasis on ethical standards and compliance mechanisms to ensure integrity and trustworthiness in practices.

“But you know there is no ethical and compliance approach to this.”
(Participant 8, Paragraph 36)

Participant 8 criticizes a pervasive money-oriented mindset where rules are often ignored or bypassed. This observation reflects a broader societal issue where the pursuit of financial gain can overshadow ethical considerations and adherence to regulations, leading to a culture where rules are not followed as intended.

“Everything comes down to money. Everyone wants to close their eyes and collect money.” (Participant 8, Paragraph 36)

Participant 8’s critique stresses the need for a cultural shift towards prioritizing ethical considerations and compliance mechanisms in accounting practices. Addressing this gap is essential for fostering integrity, trustworthiness, and accountability within the profession, thereby enhancing its credibility and effectiveness in serving stakeholders.

5.3.2.5.4.4. Commercialization of Certification

The certification process within the accounting profession in Türkiye comes under scrutiny as both Participant 8 and Participant 9 highlight troubling trends regarding the integrity and efficacy of credentialing standards. Participant 8 expresses

disillusionment with the certification process after observing the lack of standards and professionalism among other candidates. This suggests a concern that the certification process may not adequately ensure competence and may instead dilute the professional standard by giving credentials too easily or broadly.

“When I was at [the Big4 firm he was working at] in the 2000s, I took the exams several times to get my certificate. My father passed away around that time, and other things happened. Then I gave up. Do you know why I gave up? When I went to those exams, I saw those people there. I thought, ‘If these people are doing the same profession as me, then I’m not doing the same profession as them.’ I mean, if you certify and allow all those people who used to do business without any standards or rules on the street to continue practicing the profession all at once, you allow it.” (Participant 8, Paragraph 44)

Participant 8 reflects on this that, while giving CPA certificates was perhaps beneficial for the country in some way, was detrimental to the profession’s integrity and quality. This suggests a tension between broader policy goals and the maintenance of professional standards, highlighting the complexities of policymaking and its impact on professional fields.

“Maybe it was the right move for the country, but it was the biggest massacre for the profession.” (Participant 8, Paragraph 44)

Participant 9 express concern over the high costs associated with obtaining the certificate, suggesting that the process has become excessively monetized, likening the certifying body to a ‘trade chamber’. This metaphor implies that the organization’s primary concern has shifted towards expanding its membership and maximizing income, rather than upholding the stringent standards traditionally associated with the CPA qualification. His anecdote about themselves and two friends all achieving perfect scores in the CPA exam, without any failures, is used to highlight their skepticism about the exam’s rigor. It paints a picture of a certification process where the difficulty and selectiveness that once lent credibility and prestige to the qualification seem to have diminished. This situation leads the participant to question the certifying body’s commitment to professional excellence, suggesting that their focus has tilted more towards increasing membership, collecting fees, and financial

gains from qualification exams. Such a scenario, as depicted by the participant, risks diluting the value of the CPA certification, potentially undermining the profession's credibility and the trust placed in its practitioners.

“They charge a ton of money for it. A ton of money. To get the certificate. But it's turned into a trade chamber. Everyone is becoming a CPA. Let me tell you something small. Three of us took the exam. Three friends took it. We took it on the same day. It lasts for 2 days. We all got 21 out of 21. Can you believe that? None of us failed a single course. I don't think the chamber's concern is about that anymore. They only care about how many members they have, how much money they make from monthly fees, and how much they collect for the qualification exams. That's how they see it.” (Participant 9, Paragraph 62)

These observations show the challenge of balancing accessibility and rigor in the accounting certification process. The participants express concerns about the commercialization of certification and a perceived decline in professional standards. These issues emphasize the need for robust credentialing mechanisms that prioritize competence, professionalism, and ethical conduct. Addressing these concerns necessitates a thorough review of certification practices and a renewed dedication to maintaining the integrity and credibility of the profession.

5.3.2.5.5. Professional Norms

In this section, adoption and implementation challenges associated with the professional norms theme are analyzed.

5.3.2.5.5.1. English Jargon

English Jargon permeates the professional discourse in the accounting field. Participant 6 mentions the persistent use of English jargon.

“I try to speak Turkish as much as possible. A significant part of my day is spent in English. We have something called jargon. There are concepts. We cannot change them.” (Participant 8, Paragraph 17)

Participant 6 further points out that the use of English-language jargon is deeply entrenched among professionals, especially those from international backgrounds or

working in multinational firms. This reliance on English terms reflects the global nature of the accounting industry but also poses challenges for localization and understanding in non-English speaking countries. The participant acknowledges the influential role of major international audit firms in shaping the accounting profession's language and practices. These firms, with their global methodologies and English-centric resources, significantly impact how accounting concepts are understood and communicated.

“The jargon of this business, practitioners who have been working in this field for many years have already read sources in English and developed their methodology. I come from a [Big4] background, and [Big4] is one of the main groups in this business. Let's say audit firms. Audit firms are one of the main groups in this field. They sit in a very important place, or I should say, they occupy a significant position. Now, the main sources for the people who grew up and worked in these firms for a long time are primarily in English. And these people cannot easily change this jargon.” (Participant 8, Paragraph 17)

The participant's insights reveal how the pervasive use of English-language jargon, rooted in the global nature of the accounting industry and the influence of major international firms, can create barriers to fully understanding and implementing IFRS in a local context. The quote highlights the need for deliberate efforts to translate and establish IFRS-related concepts in the local language, not just literally but in a way that fits the local professional culture and educational framework. This is crucial for truly localizing IFRS and making its principles and practices accessible and relevant to practitioners in non-English speaking countries.

Participant 6 highlights the division within audit firms into two branches: audit and tax. It explains that those on the audit side often use jargon related to IFRS, while the tax teams focus on issues related to the Tax Procedure Law and do not use such jargon. The quote illustrates how the use of specialized terminology in the audit field can create a sense of exclusivity and knowledge divide, leading to a teasing response when someone from the tax side asks about a term like 'NRV', suggesting that such knowledge is specific to their domain.

“... there are two branches in audit firms. One is the audit side, and the

other is the tax side. Now, those on the audit side use this jargon more because it is related to IFRS, while the teams working on tax audit and tax consultancy generally do not have anything related to IFRS. They usually work on issues related to the Tax Procedure Law, so there is no such jargon. Therefore, when someone from the tax side asks what NRV is to their colleague, the colleague responds with a teasing tone, 'You would have learned it if you were on this side'. This incident can be narrated as if it were something that cannot be learned or known.”
(Participant 8, Paragraph 17)

Participant 7, with a background in audit, discusses the preference for using English financial terminology in their work environment. She mentions that specific terms like ‘liability’ and ‘asset’ are commonly used in English during internal discussions, and Turkish translations of these terms feel somewhat odd or unnatural to her. Their documentation and presentations are also primarily in English, making Turkish terms seem unfamiliar. While they occasionally receive Turkish interpretations, these are usually provided by their audit teams. Her preference for English stems from the frequency and familiarity of use within their professional context.

“In finance, terms are very specific. For example, we use terms like ‘liability’ and ‘asset’ in English in our internal discussions. The Turkish translations feel somewhat odd. Our terminologies are in English. We use English in our documentation and presentations. That’s why Turkish terms might seem strange to us. But as I mentioned, we rarely receive anything in Turkish. Most of it is in English. Turkish interpretations are generally provided by the audit teams, who interpret and convey them to us in Turkish. That’s why we generally use English. (Participant 7, Paragraph 13)”

Participant 7 further emphasizes the prevalence of English terminology in their workplace, particularly in financial discussions. Even for basic terms like ‘reserve’, they default to English rather than the Turkish equivalent. This consistent use of English in internal communications, documentation, and financial reporting has led to a situation where using Turkish feels unusual and somewhat inconvenient. Participant 6 compares this to someone accustomed to using Excel in English finding it odd to switch to Turkish commands, highlighting the impact of habitual use on comfort and

preference.

“When we think about it, I believe it might be related to the terminology. Because even in our internal discussions, when explaining a concept, we do not say the Turkish equivalent of ‘rezerv’, we say ‘reserve’ in English. This is quite basic, but most of our financial terms are in English. We write these in English internally. When showing P&L or balance sheets, we use English. Our terminology is in English. Since we use English entirely, Turkish might seem a bit odd to us. It is like how someone who always uses Excel in English might find it strange to switch to Turkish and use terms like ‘topla’ (sum). (Participant 7, Paragraph 15)”

Participant 7 highlights the pervasive use of English in their financial reporting environment, noting that because the primary sources are in English, it naturally influences their work processes and language use. She points out that not only is the documentation and presentation conducted in English, but even internal communications favor English terminology over Turkish. This extends to formal presentations to senior management or holding companies, where English is the standard language used. The preference for English even in casual conversation among colleagues, as exemplified by their use of English for terms like ‘personal expense’, reflects the deep integration of English into their professional culture and practices, driven by the language of the sources they rely on for financial reporting.

“On our side, especially in financial reporting, since the sources are entirely in English, people also progress based on them. I cannot think of a specific term right now, but as I said, we conduct everything in English internally. Documentation, presentations, everything. For instance, right now, when we make presentations to the senior management or holding company, everything is in English. We use English terms in all of them. And even when we talk among ourselves, we rarely use Turkish terms like ‘personal expense’. We use English terms. (Participant 7, Paragraph 30)”

Participant 10 reflects on the natural inclination to use English terms, particularly in a multinational work environment with frequent interactions with foreign teams. He

notes that English terminology has become ingrained in their professional communication, not just with international colleagues but also within their Turkish-speaking team. This transition to English terms is attributed to several factors: the ease of communication it provides, the clarity and universal acceptance of these terms, and the habitual nature of using them in a global business context. Participant 10 acknowledges a practical shift where, even when conversing in Turkish, the conversation naturally incorporates English terms for efficiency and mutual understanding. This illustrates how global business practices and the need for clear, standardized communication can influence language use, leading to a blend of English and local language in professional settings.

5.3.2.5.5.2. 3-Letter Acronyms

Participant 6 further highlights that using the 3-letter acronym for English jargon is quite a culture.

“You know, these 3-letter acronyms are very famous in the business world. Everything is described with 3 letters. They love jargon like this... I should not say ‘önemlilik’ do you understand what I mean? I think this is one of the sources of the problem. There is something very well-established for many years, and it is very difficult to change it. For example, people say ‘WTB’ [Working Trial Balance] or ‘Working TB’. Working TB is actually a very simple concept. Or they ask if you’ve taken the NRV [Net Realizable Value] provision. These are simple, small concepts. NRV, these expressions, especially people working in foreign companies like us and those from audit backgrounds, cannot easily change them. Since they cannot change them, they cannot go into Turkish translations much.” (Participant 8, Paragraph 17)

The insights provided by Participant 6 shed light on the intricate dynamics of language use within the auditing profession, particularly the persistent reliance on English jargon and its implications for collective agreement and professional identity. This discussion will analyze how auditors and professionals with an audit background insist on using English-language jargon through collective agreement and how this practice differentiates them from their colleagues in tax, who are not part of this collective linguistic group.

The persistent use of English jargon in auditing is not merely a linguistic preference but a reflection of the collective agreement among audit professionals. This agreement is rooted in the global nature of the industry, where major international audit firms exert a significant influence with their English-centric resources and methodologies. Participant 6 notes that these professionals, often with a background in these prominent firms, find it challenging to deviate from the established jargon. The terminology is not just a set of words; it is a professional lexicon that embodies the audit profession's collective knowledge, practices, and identity. This lexicon serves as a marker of expertise and belonging, distinguishing those within the collective group from those outside it.

This collective agreement and the resultant linguistic practices have significant implications for the professional dynamics within audit firms, especially in the division between audit and tax branches. The audit professionals, deeply entrenched in the jargon and concepts of IFRS, form a distinct group with its linguistic norms and practices. In contrast, the tax professionals, whose work revolves around the Tax Procedure Law and lacks a connection to IFRS, do not share this jargon. The teasing incident mentioned by Participant 6, where an audit professional remarks on a tax colleague's lack of knowledge of 'NRV', represents the divide between different linguistic and professional cultures within the same firm. This divide is not only about varying areas of expertise but also about belonging to different cultures:

“... there are two branches in audit firms. One is the audit side, and the other is the tax side. Now, those on the audit side use this jargon more because it is related to IFRS, while the teams working on tax audit and tax consultancy generally do not have anything related to IFRS. They usually work on issues related to the Tax Procedure Law, so there is no such jargon. Therefore, when someone from the tax side asks what NRV is to their colleague, the colleague responds with a teasing tone, ‘You would have learned it if you were on this side.’ This incident can be narrated as if it were something that cannot be learned or known.”
(Participant 8, Paragraph 17)

The reluctance to translate these terms into Turkish or adopt local equivalents is not simply a matter of convenience; it is a manifestation of the collective agreement among audit professionals to maintain a certain professional standard and identity intimately

tied to the global language of the industry - English.

5.3.2.5.6. Education

In this section, adoption and implementation challenges associated with the education theme are analyzed.

5.3.2.5.6.1. Learned Terminology in English

The preference for using English terminology in professional settings among accounting professionals, particularly those with backgrounds in multinational firms, underscores the pervasive influence of English in the field. Participant 7 reflects on her educational and professional background, noting that their training and work at Big 4 were conducted entirely in English. The reports they dealt with were primarily in English, especially those prepared for holding companies or major banks for funding purposes, except for certain mandatory reports for the POAAB in Turkish. This extensive use of English at Big 4 has further solidified the participant's comfort and preference for using English in professional documentation and communication.

“Yes, I was educated in English. Later, when I started at [Big 4], all their documentation was entirely in English. There, the reports were generally in English, except for a few small areas and reports for POAAB, which were mandatory according to criteria. Otherwise, since they were IFRS reports, they were in English, and they were usually prepared for holding companies or major banks for funding, or in Turkish if it was a publicly traded company. Generally, it was in English, and we always did our documentation in English at [Big 4]. (Participant 7, Paragraph 19)”

She further reflects on her preference for English over Turkish in professional settings, attributing it to her educational background and initial work experience being entirely in English. They suggest that having started and continued in Turkish might have made her more inclined toward it. However, due to their familiarity with English, translations into Turkish seem strange and possibly insufficient. This preference remains, despite any improvements in the quality of Turkish translations, indicating how early and continuous exposure to a language can deeply influence professional comfort and preference.

“Actually, rather than improving the quality of translations, I would

have preferred to continue in Turkish if I had always started and continued with Turkish from the beginning. I received my education in English, and when I started working, for 3 years I dealt with fully English documentation and progressed in English. Now, switching to Turkish might feel more lost to me, because the translation of terms would seem stranger to me. Maybe I find translations insufficient because I'm accustomed to English, and that's why I do not switch to Turkish. If my educational language and initial work environment had been in Turkish, I might have been more inclined towards Turkish. Even if the quality of Turkish improves now, I might still find the terms strange in Turkish. (Participant 7, Paragraph 36)"

Participant 10 suggests that his perception of English as easier and more understandable may stem from their initial learning and ongoing engagement with IFRS in English. This highlights how early and continuous exposure to terminology and concepts in a particular language can shape one's comfort and preference for using that language in a professional context.

"I do not want to say Turkish is complex, but maybe because I have been taking in IFRS from English sources from the beginning. Maybe that's why it seems easier and more understandable to me."
(Participant 10, Paragraph 14)

Participant 7 and Participant 10's experiences highlight the importance of early immersion in English-language environments for professionals in accounting. This underscores the need for a nuanced understanding of language dynamics in multinational professional contexts.

5.3.2.5.6.2. Need to Study Turkish

Participant 7 acknowledges taking the CPA exams in Turkish and discusses how their familiarity with English affected their preparation and performance. They did not find the exams challenging, despite the legal aspects and financial terminology being in Turkish. They adapted by using sample questions and familiarizing themselves with Turkish terms, suggesting a pragmatic approach to overcoming language barriers in professional certification.

Yes, I took them. I got the certificate. But honestly, in those exams, there

are legal aspects. They do not challenge us in those parts because we do not know the English equivalents. In other parts, they are mostly numerical, so I did not have a problem. But of course, they are in Turkish, entirely financial. But I did not have a problem. I just used sample questions to prepare for the exams. We looked at the Turkish terms to get familiar with them. (Participant 7, Paragraph 38)”

Participant 11 describes her personal strategy for dealing with financial terms during exams, which involves using the terms ‘debit’ and ‘credit’ as they are familiar in English, rather than their Turkish translations ‘borç’ and ‘alacak’. This approach reflects their comfort with and understanding of the concepts in English, indicating that the direct translations do not resonate with their learned experience. This preference to ‘solve it in English’ on the exam paper highlights the influence of language on comprehension and the Participant 11’s need to work in a language that aligns with their educational background and understanding, even when it means deviating from the standard terminology used in the exam.

“What I do in exams is this: instead of writing ‘borç, alacak’, I write ‘debit, credit’. I write it the way I remember it. I remember where it works. I solve it in English, so to speak, on top of that paper. For me, that’s a bit challenging to pass, I would say.” (Participant 11, Paragraph 54)

These reflections highlight the complexities of navigating professional exams in Turkish for accounting certification, particularly for individuals with a background in English-language education and practice. Their strategies, rooted in familiarity and adaptability, reveal the importance of linguistic competence and pragmatic approaches in overcoming language barriers in professional settings.

5.3.2.5.6.3. Students do not Learn but Memorize

In the realm of education, there exists a prevalent issue highlighted by Participant 11, wherein students are inclined towards memorization rather than genuine comprehension. Participant 11 reflects on her educational experience, suggesting that it often involves unquestioningly following what is taught and relying heavily on memorization. This indicates a perception that the educational approach is more about retaining information than understanding or questioning it. Her current approach of

memorizing what is taught illustrates a challenge faced by many students, where the focus is on passing exams or meeting requirements rather than truly comprehending and internalizing the material.

“Well, you do not question anything. You just do what they say. I’m actually memorizing it right now. What I’m doing is, there’s one place of education, and they tell you something there.” (Participant 11, Paragraph 56)

Participant 11’s reflection sheds light on the pervasive tendency among students to memorize rather than truly learn. This observation calls for a reevaluation of educational methodologies to foster deeper understanding and critical thinking skills among students, moving away from a culture of memorization towards one that promotes genuine comprehension and knowledge retention.

5.3.2.5.7. New Graduates

In this section, adoption and implementation challenges associated with the theme of new graduates are analyzed.

5.3.2.5.7.1. Graduate Empty Handed

Participant 9 expresses concern about the level of knowledge and preparedness of new students, particularly in the accounting field. He highlights that despite spending four years at university studying accounting, some students lack basic knowledge about fundamental concepts, such as the structure of a chart of accounts. He suggests that these students may struggle with even the most basic accounting tasks and cannot perform simple journal entries. This lack of foundational knowledge and skills among accounting students is viewed as problematic, leading to a decrease in job applications and professional mobility. He criticizes the educational system, suggesting it may not adequately equip students with the practical skills and knowledge needed for accounting. This leads to a situation where apprentices or newcomers to the field lack the essential expertise.

“A new student also feels completely empty. I mean, a guy has studied at university for four years. Should not he at least know that a chart of accounts goes from 100 to 780? Believe me, he does not know. Conduct a survey with your university students. He probably does not even know

the name of one simple account. He cannot even make an entry. These are accounting students. We come out very empty-handed there. That's why there are low applications with low migrations. The system is set up that way. The apprentice knows nothing.” (Participant 9, Paragraph 37)

Participant 8 describes a scenario where individuals who have graduated from a university and started working in the audit sector may have a superficial understanding of accounting but lack the in-depth knowledge required to grasp its essence fully. This could be due to a gap in the educational curriculum or the need for more practical experience and training. Ultimately, he highlights the challenge of ensuring that graduates possess academic knowledge and a solid foundation in the practical aspects of their chosen profession, especially when transitioning to roles like auditing, where a deep understanding of accounting is crucial.

“For example, they train auditors. The person they train as an auditor graduate from your school goes there and receives training related to auditing. But the child does not know the essence of accounting.” (Participant 8, Paragraph 12)

However, Participant 8 expresses a concern or observation regarding the training process for auditors. He mentions that this training focuses explicitly on auditing skills and practices. While the new graduates receive training when they enter the audit sector, they may lack a deep understanding of the broader accounting field. In other words, they may be well-versed in audit procedures but not have a comprehensive understanding of the foundational principles and concepts of accounting. Consequently, they may make incorrect judgments based on the standards.

“Then, when working on that standard last year, or was it the year before, which topic was it one of our subjects? I had left it to someone else to handle at the time. I intervened and sat down with the guy. I said, ‘Look, brother’, he was there with a new partner from [Big4] as his team. I said, ‘You’re saying this like this, but here it is like this, here it is like this, this is how the job is, and this is how it is.’ I explained the topic he was analyzing or auditing and the topic of that standard. We finally proved our point, and we removed that sentence he had

written in the report from there.” (Participant 8, Paragraph 12)

In conclusion, participants express concern over the preparedness of new accounting graduates, noting a significant gap in foundational knowledge and practical skills. Despite years of university education, some graduates struggle with basic concepts such as understanding the chart of accounts or performing simple journal entries. This discrepancy suggests a misalignment between academic curricula and the practical demands of the accounting profession. The educational system is criticized for not adequately equipping students with the necessary skills, leading to challenges in professional mobility and job market competitiveness.

5.3.2.5.7.2. Audit is a System Designed for Learning

Despite the initial challenges, auditing is recognized as a robust learning environment, likened to a ‘second university’. Participant 9’s reflection on his career years in the audit sector provides insight into the learning curve and the nature of the profession, especially for new graduates. During this time, the participant indicates that he did not have many problems, likely because they were not yet responsible for applying complex accounting standards. Instead, his role was more about learning and absorbing information, a critical phase for any new professional in a complex field like auditing.

“I worked for 3 years, then I left as a team leader. In the first two years, we did not have many problems. We were still trying to understand accounting and finance. We were dealing with the chart of accounts and stuff like that.” (Participant 9, Paragraph 35)

Participant 7 likened auditing to a second university that teaches financial reporting and IFRS from scratch, emphasizing the comprehensive educational nature of the field. This highlights that auditing is an intensive learning environment, almost like an academic institution, where newcomers are systematically educated in complex topics, suggesting a structured, curriculum-like approach to learning. However, she emphasizes that they learn the English equivalents of these terms. She also notes that auditing prepares individuals for a smooth transition into various sectors.

“Those who start in auditing are already familiar with these concepts, as auditing is like a second university that teaches financial reporting,

IFRS reporting from scratch in English. Everyone with an auditing background comes into the real sector fully adapted.” (Participant 7, Paragraph 34)

This highlights auditing as a designed learning environment, possibly more nurturing and structured, compared to the ‘real sector’ where such structured learning might not be as prevalent.

“But I feel the difference with those who have not come from auditing. They might not be familiar with our terms... It is difficult to start with someone fresh out of university in the real sector because auditing teaches very well, it is a system designed for learning.” (Participant 7, Paragraph 34)

She further mentions the importance of having an audit background in hiring processes. She acknowledges a practical challenge in the real sector: The lack of time and resources to train someone from scratch. The company she works at is traded in Borsa Istanbul and operates in a fast-paced environment. Due to these constraints, the participant notes a preference for hiring experienced individuals, particularly those with an auditing background. Experienced hires are perceived to be more immediately effective and require less initial training, which is crucial in a fast-paced business environment.

“But in the real sector, like at [place where she works], we do not have the time to train someone from scratch. Sometimes we do start with juniors. For example, at [place where she worked], we did hire fresh graduates, but when you see their development, you wish they had started in auditing. Everyone thinks this when they look at the development process. Because they progress faster in auditing, that’s why we usually do not consider juniors. We do not have the time to train from scratch. We look for experienced people who usually come from an auditing background.” (Participant 7, Paragraph 34)

Participant 8 emphasizes that despite individuals graduating from educational institutions and entering the workforce, it remains a common practice in the audit sector to subject them to a supplementary education process. This practice is driven by the recognition that persistent knowledge deficiencies or gaps need to be addressed.

Essentially, the participant emphasizes that formal education alone may not adequately prepare individuals for the challenges of the audit sector, necessitating additional training to fill these knowledge gaps and ensure proficiency in the field.

“So, as we said at the beginning, people graduate and come, but in the audit sector, they go through an education process again. No matter what, there are things like knowledge deficiency.” (Participant 8, Paragraph 46)

Participant 11 refers to a learning dynamic within her professional environment, akin to a master-apprentice relationship, where more senior individuals handle complex situations or decision-making processes. Participant 10, being less experienced, takes on the role of an observer or listener, learning from these more experienced professionals. This approach is quite common in many fields, including auditing and accounting, where practical, hands-on experience and mentorship are invaluable for developing professional expertise. It reflects the importance of hierarchical knowledge transfer and the value of learning from experienced practitioners in real-world contexts.

“Researcher: Have there been any instances where you had to deal with how these standards, taxation laws, and such things overlap or interact in practice?”

Participant 11: It does happen, to be honest, but it is usually dealt with by more senior individuals than me.” (Participant 11, Paragraph 8-9)

As a reflection of this, Participant 7 reveals that when hiring, they generally prefer candidates with an auditing background. This preference indicates that the skills and experience gained in auditing are highly valued and considered essential for the roles they are filling.

“But they do not make up the majority of the team. For example, I was involved in hiring a few months ago, and we generally look for people with an auditing background. (Participant 7, Paragraph 34)”

She further discusses the practical challenges of hiring and training fresh graduates in the real sector, noting that companies often do not have the resources or time to train someone from scratch. They express a preference for hiring individuals with

experience, particularly those with an auditing background, as they are already accustomed to the work environment and requirements, including the use of English.

“But in the real sector, like at [the company she works at], we do not have the time to train someone from scratch. Sometimes we do start with juniors. For example, at [the company she previously worked at], we did hire fresh graduates, but when you see their development, you wish they had started in auditing. Everyone thinks this when they look at the development process. Because they progress faster in auditing. That’s why we usually do not consider juniors. We do not have the time to train from scratch. We look for experienced people, and they usually come from an auditing background. They are already accustomed to it. So we do not have problems with the Turkish or English parts.”
(Participant 7, Paragraph 34)

In conclusion, auditing emerges as a structured learning environment, often likened to a ‘second university’ where individuals are systematically educated in complex topics such as financial reporting and IFRS from scratch. This educational aspect of auditing, combined with hands-on experience and mentorship, provides new professionals with a robust foundation for their careers. However, despite the educational benefits offered by auditing, challenges persist in bridging the gap between academic knowledge and practical application, as highlighted by the need for supplementary education processes and the preference for hiring individuals with auditing backgrounds in the real sector.

5.3.2.5.7.3. Theoretical vs. Practical Accounting

Understanding the nuances of accounting involves more than just theoretical knowledge; practical experience plays a significant role in shaping professionals’ understanding and use of accounting terminology. This interplay between theory and practice is evident in the reflections of participants who emphasize the importance of hands-on experience and real-world application in complementing formal education. This part focuses on the dichotomy between theoretical and practical accounting, exploring how professionals navigate this dynamic landscape to excel in their field. Participant 6 mentions that professional experiences and the environment significantly shape an accountant’s understanding and use of terminology. The initial years of

working in an audit firm can be as influential as formal education, cementing the use of English jargon in their professional vocabulary.

“After getting university education, you work somewhere for 5-6 years. Those 5-6 years are actually like your second university graduation. What you learned at school is true for you. What you learn in your second school is also true. After that, when you want to add something more, you want to change those truths. Changing the truths is not very easy.” (Participant 8, Paragraph 17)

Participant 7 reflects on her experience, noting that university education in accounting offers very limited practical knowledge compared to what is learned in the field, especially in auditing. They emphasize that real-world accounting and financial reporting are learned from scratch in the professional environment, significantly differing from academic learning.

“Generally, I’ve worked more in financial reporting teams. In auditing, since the environment teaches you from scratch, what you learn in university about accounting is very limited, almost nonexistent. The accounting you learn in class or from books is totally different from what you learn in the field. That’s why you really start from scratch. (Participant 7, Paragraph 34)”

Participant 8 emphasizes the importance of building upon foundational knowledge through practical experience and being part of larger, global organizations. They share personal experiences to illustrate how working in global settings provides a deeper understanding and proficiency that cannot be achieved through education alone. This highlights the value of experiential learning in developing professional competence.

“Of course, according to something, I mean, if you do not add something to what you learned at the undergraduate level, you cannot deepen it. You have to deepen it. To be able to deepen, it takes time. It wants to practice what you learned. It wants to go further. You need to be part of an organization of that size. You need to be part of a global organization to reach certain things. For me to be able to speak so confidently and clearly about certain topics ... if I had not worked in institutions on the other side of the table, how global reporting, daily

accounting, and all of these things are done, I would have been a foreigner, I think.” (Participant 8, Paragraph 46)

Continuing from the previous quote, Participant 8 reinforces the idea that hands-on experience in global contexts is irreplaceable. They argue that without this experience, a professional might feel alienated or less competent, especially in terms of international reporting and accounting practices.

“There are definitely things they bring in that sense, but I think if I had not lived and done those things there, in global terms, how reporting is done, how daily accounting is done in institutions, I would be a foreigner.” (Participant 8, Paragraph 48)

Participant 11 acknowledges the importance of a strong educational foundation in auditing, attributing her foundational knowledge to the education they received. She recognizes that while this foundational knowledge is crucial, the real expertise in auditing comes from applying this knowledge in practice. The statement reflects an understanding that theoretical knowledge alone is insufficient for excelling in the field; it must be complemented with practical application and experience. This highlights the dual nature of professional competence, combining formal education with hands-on, experiential learning.

“I believe I received good education here. I actually built my foundation here. But of course, without that foundation, I do not think you can excel in auditing. However, you do learn the best practices in auditing. You learn to apply the knowledge you have gained in the later stages. You cannot apply it here, but that foundation is certainly necessary.” (Participant 11, Paragraph 11)

Participant 14 emphasizes the significant difference between accounting theory and its practical application, noting that the field is much more variable and complex in practice than what is typically presented in theoretical frameworks. Accounting, both in theory and practice, is a science characterized by a high degree of variability and nuanced differences that are not always apparent in academic texts or theoretical discussions. She points out that practitioners, or professionals working in the field, form a crucial part of the accounting process. Their experiences and insights are invaluable because they deal with the real-world application of accounting principles

and standards daily. They encounter and navigate the complexities, variabilities, and practical challenges that are not always covered or fully encapsulated in theoretical models or academic discussions. Furthermore, she reflects on her own experience as an academic, noting a shift in the mastery of international accounting towards being more 'journal-focused'. This suggests a trend in academic circles toward prioritizing research and publications that might not always align perfectly with the practical realities faced by accountants in the field. This could create a gap between theoretical knowledge and practical application, underscoring the importance of bridging this divide.

“Accounting theory and the practical side of it are really like a science where there is a lot of variability, not what you see in theory. So, in fact, this important aspect of the process was made up of practitioners, that is, professionals. Because there is a situation like this: when we, as academics, look at it, our mastery of international accounting has started to be more built on journal-focused accounting, rather than what you see in theory.” (Participant 14, Paragraph 51)

Participant 15 expresses a common sentiment found in many professional fields, particularly in complex, evolving sectors like accounting. He suggests that while university education provides a foundational understanding, it often falls short of imparting the practical skills and in-depth knowledge required in the real world. This gap is not a reflection of the quality of university education per se but rather the nature of professional work, which is dynamic and often learned best through hands-on experience.

“When we hire a new graduate, their university education does not play a significant role because most learning happens on the job. This applies to any profession. So, the accounting education they receive at university is not sufficient for them in that sense.” (Participant 15, Paragraph 33)

The statement 'most learning happens on the job' highlights the importance of practical, experiential learning. On-the-job training allows new graduates to apply theoretical knowledge in real-life scenarios, understand the nuances of the profession, and learn from more experienced colleagues. This process is critical in helping them

adapt to the specific practices, standards, and expectations of their workplace and the broader professional community.

The participant 15's perspective highlights the need for a strong link between educational institutions and the professional sector. It suggests that while universities lay the groundwork, ongoing professional development and continuous learning are essential for career progression and effective practice. It also implies a responsibility for employers to provide robust training and mentorship programs to bridge the gap between academic knowledge and practical application, ensuring that new graduates can transition smoothly into competent, confident professionals.

Participant 8 describes a practice where professionals are sent abroad for intensive training and experience. They argue that this international exposure significantly enhances the professional's ability to perform correctly and understand international standards deeply. This supports the notion that international experience is crucial for a comprehensive understanding and implementation of global practices.

“Let me promote this person to a manager’, and then they send these people abroad for at least two years in the UK offices, in the US offices, and they thoroughly train them there. Then they come here. They can do things more properly and correctly. In terms of international reporting. Or in terms of how the standard should be applied. Otherwise, if they have not gone through that path, they remain more deficient. What you mentioned is related to whether it is exactly implemented or not.” (Participant 8, Paragraph 48)

Theoretical and practical accounting go hand in hand in promoting professional competence. While formal education provides a basic understanding of accounting principles, practical experience gained in real-world settings enhances professionals' expertise. Bridging the gap between theory and practice is crucial for preparing accounting professionals to meet the dynamic demands of the profession effectively.

5.3.2.5.7.4. Not Fluent in English

The discourse surrounding English proficiency in the workplace underscores the importance of linguistic competence in a globalized world. However, Participant 6 points out that even the graduates of universities with English education are not fluent in English.

“We are a foreign-owned company, and we hire employees for accounting. There are very talented individuals, very agile individuals. But when you ask them to speak in a foreign language, they struggle. These are graduates of good universities in Türkiye that claim to provide English education.” (Participant 8, Paragraph 22)

Participant 7 acknowledges the challenges faced by employees without English education in a workplace where documentation and presentations are primarily in English. They mention that during the hiring process, candidates are assessed for their English proficiency, and a certain level of proficiency is required, even for graduates from Turkish universities. This ensures that all employees can adapt and function effectively in an English-dominated environment.

“Researcher: Do you have employees who have not received an English education? How do they adapt?”

Participant: Yes, that can be challenging. Generally, if the company’s documentation and management presentations are mostly in English, candidates are tested for their English proficiency during the hiring process. The level of English proficiency is considered in the evaluation. Even if they have graduated from a Turkish university, if their English level is above average, that’s sufficient. (Participant 7, Paragraph 31-32)”

The observations of Participants 6 and 7 underscore the importance for graduates to possess practical English proficiency to thrive in English-dominated workplaces, highlighting the disconnection between theoretical language education and practical language skills.

5.3.2.6. Solutions

This section analyzes the solutions proposed by the participants of the in-depth interviews regarding how stakeholders, such as translators, accountants, and regulatory bodies, can collaborate more effectively to ensure accurate and consistent translation of IFRS. The analysis reveals two main themes: first, the expected solutions from university education, and second, the need for active participation.

Role of Universities

The role of universities is a crucial part in creating solutions before they even exist. One of the participants, Participant 8, provides valuable insight regarding the need to increase the number of class hours for undergraduate students in accounting and auditing. This participant's experience emphasizes the importance of having a comprehensive and thorough curriculum that is crucial for achieving professional expertise in this field. By sharing his own experience on an intense class schedule, which covered various accounting topics, the participant highlights the gap between theoretical knowledge and practical application in current educational systems, which is found to be a challenge for new graduates in earlier sections. He suggests that increasing class time would allow for a more in-depth exploration of practical aspects and, as a result, enhance the overall quality of undergraduate education.

“In the undergraduate level, well, in my opinion, the most critical improvement I can make is that there are not enough class hours, and why? Let me give you an idea based on my own education. The class hours were intense. In the afternoon, we used to have three or four hours of class. In the afternoon, the class hours were intense. We also had three or four hours of class in the afternoon. If you ask how many classes you would have in a week, if you had four classes in the morning, so seven classes a day, we used to have six or seven classes a day. If you multiply that by five, it is 35, so there would be a minimum of 35 hours of classes. This applied to subjects like accounting and auditing. I chose the accounting and finance side, and there was also a marketing side. We separated after the first year. In accounting, do you know how we studied? We used to take a general accounting course... We took a cost accounting course.... Then, there was management accounting.... We took tax accounting separately, we took partnership accounting separately. There was a course called accounting theories, not accounting theory, but there was a course.” (Participant 8, Paragraph 50)

The participant reiterates the need for more detailed and extensive class hours, specifically pointing out the gap between conceptual knowledge and practical application. They suggest that increasing class time would allow for a deeper dive into

practical aspects, thereby enhancing the quality of education at the undergraduate level.

“You give them the concepts, but you cannot go into as much detail as is necessary in the practice part. If we can provide that, we can improve the quality at the undergraduate level.” (Participant 8, Paragraph 50)

The participant highlights the importance of understanding different accounting systems, such as continental European and Anglo-Saxon, and the nuances between cost and financial accounting. By advocating for training that encompasses these various systems, he is emphasizing the need for a curriculum that prepares students for a globalized world where understanding diverse accounting practices is crucial.

“There was a difference between cost accounting and financial accounting, and the continental European or American, Anglo-Saxon differences, and they provided training to understand the four types of systems from start to finish, from the opening ledger entry to the closing ledger entry, in terms of account names.” (Participant 8, Paragraph 50)

He further suggests integrating legal knowledge into the accounting curriculum, indicating that a comprehensive understanding of the field extends beyond just numbers and includes the legal context in which accounting operates. This approach advocates for a more interdisciplinary curriculum that prepares students for the complex, multifaceted nature of professional accounting.

“Then they provided legal knowledge that would support it from behind, and then they introduced it.” (Participant 8, Paragraph 50)

The advocacy for more case studies and practical, project-based learning highlights the gap between theoretical knowledge and its practical application. Through engaging with real-life scenarios and projects, students are expected to gain a deeper understanding and application of concepts, thereby bridging the gap between classroom learning and real-world practice. This approach not only enhances learning outcomes but also prepares students for the dynamic challenges of the professional world.

“For example, the other day, we did a monograph. It was a simple example, from the opening balance sheet, entries, journal entries, T-

accounts, T's, and closing balance sheet. But one of the girls asked a nervous question, 'Will we encounter something like this, will the exam be like this?'. We will go into more depth, we will work on it. If we can get into those areas, where they are better in terms of education than us, the reason is that in the exam system, it is not like a written exam, but topics like creating live projects stand out. So, in a conceptual sense, that's your problem, let's handle those, now you project with the concepts you've learned, let's prepare that project, and then let's talk."

(Participant 8, Paragraph 50)

In conclusion, the solutions proposed by the interview participants suggest a comprehensive approach to improve university education in accounting and auditing. From increasing class hours to integrating a global perspective and practical learning experiences, these suggestions aim to equip students with a comprehensive skill set that is both theoretically sound and practically applicable.

Need for Active Participation (Working Group)

This section examines the importance of active participation in the development and dissemination of accounting knowledge, as highlighted by participants in the research. It explores the contributions of professional organizations, the diversity of working groups, and the role of academia and industry in adopting and adapting international standards.

Participant 6 explains how professional organizations, such as accounting and tax advisor chambers, play a vital role in fostering knowledge within the accounting field. These organizations form working committees where members volunteer to discuss industry matters, contributing significantly through publications, journals, and other materials. Such efforts are crucial in keeping the profession informed and enhancing the expertise of accounting professionals. This collaborative approach ensures a continuous flow of knowledge and maintains a high standard of professional development.

"Accounting chambers, tax advisor chambers, and similar organizations establish working committees. The contributions made to these committees depend on the members' availability and willingness to spend one to two hours a week, or every other week, discussing these

matters. The monthly publications, journals, and reputable publications they produce contain articles written by university professors on these topics, which they distribute to their members as a contribution. Another contribution they make is through these publications. (Participant 6, Paragraph 43)”

The emphasis on forming diverse working groups comprising academics, practitioners, and state representatives is highlighted by Participant 8. This diversity is seen as essential for effectively addressing and understanding issues from multiple perspectives, fostering a consensus approach. The inclusion of different viewpoints is believed to lead to more comprehensive and effective solutions, emphasizing the value of collaborative efforts in tackling complex issues within the accounting profession.

“Well, to do this, first of all, there should be academics and instructors who work on the subject at an academic level to contribute to the subject. Let me put it this way, there should also be people who come from practice. There should also be people from the side that controls on behalf of the state, as designated by the legislator. With consensus, people there should speak about the issue as it should be and be able to look through each other’s windows. Because everyone interprets the same expression, the same concept differently because of this.”
(Participant 8, Paragraph 34)

Participant 10 proposes a more structured and consultative approach to the adoption and adaptation of IFRS in Türkiye. He recognizes that there is a commission for IFRS that evaluates, amends, and possibly localizes the standards for the Turkish context. However, the participant seems skeptical about the current process’s effectiveness and transparency, suggesting it might be more perfunctory than thorough, with translations being approved and published without extensive review.

“After all, we have a commission for IFRS. They evaluate it. They bring the standards to a point in the report. They make additions and deletions. In Türkiye, maybe a committee of prominent former professional members who have spent a lot of time on this job can provide opinions on this. Before the standard is published, opinions can be obtained from them. I do not think this process is progressing like

this, to be honest. Probably, someone is translating it. Someone says okay. It is published, I guess. Maybe it should go through a commission like this, maybe a committee. I think it would be useful for users as well if leading companies like Big Four gathered a few people from these companies, those who prepare the standards or those who benefit from the standards.” (Participant 10, Paragraph 37)

To enhance this process, he proposes the formation of a committee comprising prominent professionals with extensive experience in the field. This committee would review and provide opinions on the standards before they are finalized and published, ensuring a more comprehensive and expert-driven approach. HE also sees value in involving stakeholders from leading companies, especially those from the Big Four accounting firms and other primary users of the standards. This would ensure that the standards are practical, relevant, and beneficial for the users. This approach emphasizes the importance of expert review, stakeholder engagement, and a thorough vetting process in adopting international standards to fit the national context. It reflects a desire for a more robust, transparent, and inclusive process that considers various perspectives and expertise to ensure that the adapted standards are of high quality and relevance.

Participant 10 suggests that the Big Four accounting firms likely play a significant role in shaping the reporting standards and practices within the country due to their prominent position and extensive experience in implementing international standards like IFRS. He implies that these firms, because of their expertise and influence, are probably consulted or provide opinions that contribute to the development or adaptation of these standards in the Turkish context.

“Most of these reports probably come from the Big Four. They probably also get opinions from them. After all, they generally implement these standards. Of course, companies should implement them, but maybe such a method would be useful for users.” (Participant 10, Paragraph 37)

Acknowledging the Big Four’s role in this process highlights the importance of industry leaders in setting and maintaining high-quality standards. However, the participants also emphasize the need for a broader approach. They suggest that while companies are the ones who should implement these standards, involving a wider

range of users in the consultation process could be beneficial. This more inclusive method would ensure that the standards are practical and applicable across the board, not just tailored to the practices and perspectives of the largest or most influential firms.

This perspective highlights the importance of balance and diversity in standard-setting processes. It advocates for a system where the expertise of leading firms is leveraged but also supplemented by insights from a broader range of practitioners and stakeholders to ensure the standards are comprehensive, realistic, and beneficial for all users.

Participant 10 considers the role of academia in supporting and informing the process of adapting and implementing financial reporting standards like IFRS in Türkiye. He acknowledges that academic input is a valuable part of this process, contributing knowledge and research that can inform and improve the standards. He seems to believe that while academic input is valuable, the most effective approach would involve a combination of insights from multiple groups.

“When we look at it naturally, it should be supported from the academic side. It is also a part that feeds this process in this regard. We can talk about that too. When I think about it as a reader, I’m not sure if it needs support from that side. But I do not think getting support from there would be very useful. I think more beneficial results could come if we get support from these two or three groups.” (Participant 10, Paragraph 40)

The ‘two or three groups’, the Participant 10 refers to include professionals from the industry, such as those from the Big Four accounting firms mentioned earlier, and possibly regulators or other stakeholders involved in financial reporting. By advocating for support from these groups in addition to academia, the participant is suggesting a more holistic approach. This would combine theoretical knowledge and research from the academic side with practical insights and experience from industry professionals and regulatory perspectives. This view highlights the complexity of financial reporting standards and the need for a multifaceted approach to developing and implementing them effectively. By incorporating diverse perspectives and expertise, the process can result in more robust, practical, and widely applicable standards that better serve the needs of all stakeholders involved.

Participant 14 suggests that forming working groups, such as the translation team at the POAAB which includes academics, is a potential solution to the complexities of translating and adapting international accounting standards into Turkish. These teams, comprising individuals with diverse expertise and backgrounds, are tasked with not just translating the text, but also adapting it to fit the local context. The inclusion of academics, who are likely proficient in both the language and the technical content, enhances the quality and relevance of the translation. She highlights the importance of reviewing the translations for compatibility with existing legislation. This suggests that the working groups should not work in isolation but in close coordination with legal experts and regulators. The goal is not to make the international standards fit the local legislation entirely but to ensure that they are applicable and practical within the Turkish context.

“Currently, as far as I know, there is a translation team at the POAAB which includes academics. Back in the day, my professors were also part of that team. Of course, back then, POAAB did not exist, there was the Accounting Standards Board [TASB]. So, they used to gather this translation team and have them adapt the standards from English to Turkish. But during that time, I know that my professors also conveyed their views to relevant institutions and the Ministry of Finance. In the end, they fulfilled the task given to them. A translation was requested, and these translations were done sentence by sentence. Now, after these translations were done, I think it was necessary to consider their compatibility with the existing legislation. By compatibility, I do not mean that everything needs to be adapted to the existing legislation.”

(Participant 14, Paragraph 37)

Participant 14 proposes a collaborative approach to enhance the adaptation phase of translating international accounting standards into Turkish. She suggests that practitioners, specifically certified public accountants and sworn-in certified public accountants, should be included in support groups. This inclusion is vital because these practitioners bring firsthand experience and a practical understanding of the field, which is crucial for ensuring that the translated texts are not only linguistically accurate but also practically applicable and relevant.

“In my opinion, practitioners, namely certified public accountants and

sworn-in certified public accountants, who are an important part of this process, should have been included in the groups that could provide support in at least the adaptation phase for the texts translated into Turkish. Because we academics are very distant from the implementation side at this point.” (Participant 14, Paragraph 51)

Participant 15 discusses a proactive approach to addressing knowledge gaps and uncertainties among accountants, especially when new regulations or practices, like inflation accounting, are introduced. He highlights a common issue: Many accountants may lack up-to-date knowledge or understanding of how to implement new requirements or changes in standards. This is not due to a lack of capability but rather a lack of access to clear, practical guidance and training.

To solve this, the participant suggests that independent audit firms, professional organizations, chambers of commerce, and other professional institutions can play a vital role. They can organize seminars and training sessions. These sessions would not only explain the changes but also provide practical examples and solutions, helping accountants understand ‘how it is done’ in real terms.

The call for professional training and the organization of seminars reflects an understanding that continuous education and proactive dissemination of knowledge are essential in the accounting profession. Regulations and standards can change rapidly, and it is crucial for professionals to stay informed and understand how to apply these changes practically. By providing accessible and practical training, these organizations can ensure that accountants are well-equipped to adapt to changes, thereby maintaining the integrity and reliability of financial reporting and auditing practices. This approach fosters a more informed, skilled, and adaptable workforce capable of upholding high standards in the face of evolving requirements.

“For instance, let’s say news comes out that inflation accounting is going to be done, a draft law has been released. Now, how will it be done? Okay? Now, if you go to a thousand accountants and ask them how to do it, they might not know very well. But what can be done? An independent audit firm or professional organizations, chambers of commerce, or professional institutions can organize seminars. ‘What should be done, brother?’ They can provide some example solutions. Accountants can say, ‘Oh, this is how it is done.’ There should be

professional training, shedding light on things for people.”

(Participant 15, Paragraph 31)

As a solution, forming such working groups appears to be an effective strategy. It combines linguistic skills with technical expertise and regulatory insight, ensuring a comprehensive approach to the translation and adaptation process. For future efforts, it is crucial that these groups continue to operate with a clear understanding of their objectives, maintain open communication with all stakeholders, and stay updated with both the changes in international standards and the local professional and regulatory environment. This will help in not only translating the text but internalizing the standards within the Turkish accounting profession, leading to better, more comparable, and understandable financial reporting.

Participant 11 suggests using technology, such as smartphones and online platforms, to facilitate collaboration among experts for interpreting and translating complex financial and legal texts. This modern approach could simplify the process, making complex information more accessible and understandable to a broader audience.

“Nowadays, everything is done through phones. Everyone can connect to a common platform through their phones and share what they know in some way. Then, it can be organized and compiled. Actually, there should be a meeting point. At first, I think it should be the interpreters, like law interpreters. They should say, ‘This is how it is, this is how it is’. The translator should say, ‘Let’s convey this in the simplest way, in today’s Turkish’. They should suggest, ‘Let’s do it like this, like that’. I do not think it should be so difficult, to be honest.” (Participant 11, Paragraph 64)

Participant 11 indicates that the widespread use of smartphones and online platforms can be leveraged to bring together experts from different fields. This collaborative approach can enhance the understanding and translation of complex texts by pooling collective expertise. She proposes the creation of a centralized meeting point, possibly a digital one, where law interpreters and translators can converge. This hub would serve as a space for discussion, clarification, and consensus-building among professionals. The law interpreters should provide clear explanations about the legal texts, outlining what they entail in simple terms. Meanwhile, translators should strive to convey these interpretations in today’s Turkish, making the information accessible

and understandable to a broader audience.

Participant 9 feels that the authority, being a regulatory body, should have a more proactive role in offering detailed guidance, examples, and interpretations of complex accounting issues. He expresses the need to have more comprehensive resources to make them less reliant on consultation on financial reporting standards.

“I think ... POAAB should do more comprehensive things. For example, right now, I’m not sure if there’s a standard for deferred tax on inflation accounting... Who am I going to consult for this? Where is the example for this? If we could live with just one example. We are falling behind a lot in these areas, I think.” (Participant 9, Paragraph 31)

He states that their biggest problem is the inability to independently understand and apply complex accounting standards due to the lack of comprehensive resources, examples, and accessible expert guidance.

Participant 7 mentions TÜRMOB and its training offerings on various topics. While they receive notifications about these trainings, they generally do not participate, implying a possible disconnection or lack of perceived relevance between the training provided by TÜRMOB and the participant’s needs or interests, particularly given their focus on accounting.

“I think TÜRMOB offers some trainings on certain topics, but since we are more on the accounting side, I think the accounting teams are more involved. I get notifications about TÜRMOB’s trainings because I’m in their mailing list, but frankly, I do not participate.” (Participant 7, Paragraph 48)

Participant 14 highlights the potential role of practitioners – the ‘*people who implement this on the application side*’ – in this process. By suggesting this, the importance of practitioner feedback and expertise in identifying and resolving issues that arise when translating standards are applied. This perspective recognizes that while translation and regulatory teams play a critical role in adapting the standards, the practitioners who work with these standards daily are also vital in ensuring their effective implementation.

“The next step may lead to the posting of a correction entry. It could

be something minor as well. Maybe the people who implement this on the application side can express an opinion at this point.” (Participant 14, Paragraph 48)

She suggests a solution to the challenges of adopting and internalizing new international accounting standards, like IFRS, within the local context. She proposes a structured approach to professional development and accreditation, where practitioners are required to undergo mandatory training on the new standards. The idea is to build a pathway for professionals to learn about these standards and demonstrate their understanding and capability through a credit accumulation system.

“You are obliged to do this. You collect these credits every year with the training you will receive, etc. Then, if we have put these standards into effect as they are, perhaps a path could have been built by making these trainings mandatory for those who will use them, collecting credits, and ultimately providing them with such a profession.” (Participant 14, Paragraph 53)

This approach serves several purposes:

Ensuring Competency: Mandatory training ensures that all practitioners have a baseline understanding of the new standards. This helps in maintaining the quality and consistency of financial reporting and accounting practices across the board.

Facilitating Internalization: Regular and structured training sessions can help practitioners internalize the new standards. Over time, these standards become part of their routine thinking and practice, rather than being viewed as an external imposition.

Promoting Continuous Learning: By linking the training to credit accumulation, the system encourages ongoing education and professional development. This is particularly important in a field like accounting, where standards and practices continually evolve.

Professional Recognition: Completing the training and accumulating credits could lead to recognition or certification, providing practitioners with a tangible acknowledgment of their expertise. This not only enhances their professional standing but also incentivizes them to engage with the training process.

Adaptation and Feedback: Such a training program could also serve as a platform for adaptation and feedback. Practitioners can share their experiences and challenges in applying the new standards, providing valuable insights that can be used to refine and

improve the training and the standards themselves.

This reflects an understanding that adopting new international standards is not just about translation or regulation; it is about ensuring that the people who work with these standards every day fully understand and are comfortable with them. Mandatory training, coupled with a system of credits and professional recognition, offers a structured and effective way to achieve this, ultimately leading to better, more consistent, and more reliable accounting practices.

In conclusion, this section examines the solutions proposed by participants during the in-depth interviews regarding how stakeholders, such as translators, accountants, and regulatory bodies, can collaborate more effectively to ensure accurate and consistent translation of IFRS. The need for active participation in the accounting profession is clear from the solutions proposed by the research participants. Through collaborative efforts, diverse working groups, and the effective use of technology, the profession can address challenges, adapt to changing standards, and ensure continuous professional development. These strategies highlight the importance of a comprehensive approach that involves various stakeholders in enhancing the quality and relevance of accounting practices and education.

CHAPTER 6: CONCLUSION

This research explores the practical challenges of IFRS adoption, specifically focusing on translation issues, using Türkiye as a case study. This transition, which represents a significant shift from a rule-based to a principle-based accounting system, is accompanied by its complexities, as demonstrated by this research.

Transitioning to IFRS is not merely a technical or linguistic challenge but also an adaptation to accounting culture and practice (Laaksonen, 2021). One of the main reasons for this challenge is related to the theory posited by philosophers like Searle and Wittgenstein, who assert that concepts are not merely linguistic constructs but are also profoundly influenced by social contexts. Globally accepted accounting practices can be understood as a result of the interplay between their philosophical ideas. IFRS standards are not merely a static set of guidelines but are instead a dynamic product that arises from a thorough process of consultations, discussions, and consensus-building among stakeholders in the accounting field. It is through the agreement and acceptance by the global accounting community that these norms become institutional facts governing how financial information is recorded, reported, and interpreted. However, agreeing on accounting norms and establishing institutional facts are not sufficient to guarantee their proper implementation.

First of all, countries vary in their developmental stages and timelines, which influences how accounting realities are formed and perceived. These realities require specific events or experiences to shape. This perspective is particularly relevant when considering the translation of IFRS, a set of standards originally conceptualized and formulated in English. The literature review shows that language interpretation can differ, even among participants of the same language. So, this variation poses challenges in translating and applying IFRS concepts from an English context to different cultural settings. One significant area of focus for researchers has been the ‘true and fair view’ concept. This concept, deeply embedded in one culture (the source language), may be absent or differently interpreted in the culture adopting it (the target language). As a result, achieving an equivalent translation becomes difficult, leading to potential issues in proper implementation. The target culture may not fully grasp or interpret the concept as originally intended, affecting the effective application of these standards.

This paper presents several key contributions to the field of accounting literature. Initially, it contributes to the research on the problems of equivalence in accounting translation (Hellmann, Perera and Patel, 2010; Baskerville and Evans, 2011; Dahlgren and Nilsson, 2012; Kettunen, 2017). Aligned with the findings of Nobes and Stadler (2018), this research further supports the argument that translators of regulatory documents should prioritize accuracy and consistency with the original terminology. This is exemplified by one participant's observation regarding the Turkish translation of the term '*impairment*'. In Turkish, '*impairment*' is translated as '*değer düşüklüğü*', which conveys a decidedly negative connotation. This example highlights the complexities and nuances involved in translating accounting terminology, emphasizing the need for careful consideration of linguistic and cultural contexts in order to maintain the integrity and intended meaning of the original terms.

Secondly, it expands upon existing literature that addresses challenges in translating accounting concepts, referencing seminal works such as Alexander et al. (2018), Baskerville and Evans (2011), Kosmala-MacLulich (2003), and Nobes (2013). These previous studies have examined the challenges and inherent complexities of translating these concepts. Building on this foundation, the present research explains the practical implications of the usage of the translated texts. Through interviews with participants, it was found that there is a predominant preference for English terminology over Turkish translations, leading to resistance to adopting translated terms. This finding contrasts with Golyagina's (2021) study on Russian academics' approach to translating management accounting concepts, where resistance was noted towards concepts originating in a different language and culture. Contrary to this, the current research reveals a professional norm among Turkish practitioners: A preference for English terminology in their daily professional activities. This preference poses a significant challenge: if Turkish translations are not integrated into everyday use, the terminology's internalization process is hindered. Consequently, the difficulties associated with translation become more challenging to identify and address, making it problematic to find equivalent Turkish terms.

Thirdly, this research's findings reveal additional complexities in conveying the meanings of text segments, not just individual words. A key issue identified is the difficulty in interpreting the source text due to unfamiliarity with the subject matter and the ambiguity of language. Consequently, the difficulties in translation are not

limited to finding suitable equivalents in the target language, a widely acknowledged concern, but also encompass the crucial task of fully understanding and accurately conveying the source text's meaning.

Lastly, the research highlights the significance of internalization in this context. It is evident from the experiences of professionals and public authorities that internalization is a critical area for development. The research recommends fostering active engagement among professionals, including auditors and financial statement preparers, in educational meetings and programs. Professionals should aim to deepen understanding of the concepts and collaboratively address the 'gray areas', thereby facilitating the internalization of these concepts. Such collaborative efforts can bridge the gap between theoretical understanding and practical application, ensuring a more effective and nuanced translation process in the field of accounting.

During the initial adoption of IFRS within the European Union, there was a notable lack of IFRS expertise and a constrained timeframe for entities to prepare for the transition. This led to a heavy reliance on external assistance to prepare financial statements in compliance with the new standards. IASB does not provide specific guidance on transitioning to IFRS; organizations such as the European Securities Committee have provided advice on various aspects, including presenting and communicating IFRS financial statements. However, regulatory bodies have not provided enough details about the implementation strategy. As a result, sought guidance from their external auditors and IFRS specialists to navigate the transition and address possible issues (Weaver and Woods, 2015). However, this research indicates that the preparation of IFRS-compliant financial statements remains a significant challenge in Türkiye. Interviews with accounting professionals have revealed a lack of confidence in preparing financial statements due to the subjective nature of the judgments required. This uncertainty has led to a heavy reliance on auditors for the preparation of their financial statements. Such dependency not only highlights the need for assurance from auditors but also reflects a broader attitude of risk aversion and uncertainty avoidance among these professionals. This scenario highlights the ongoing challenges in the practical application of IFRS, especially in contexts where expertise and confidence in the standards are still developing.

The practical implications of these findings are significant for various stakeholders in the accounting sector, including accounting and audit professionals, academics, and

professional organizations. This research provides valuable insights into the challenges of adopting IFRS and offers guidance on navigating these challenges, particularly in countries undergoing a similar transition.

However, this research is not without its limitations. The focus on Türkiye as a case study, while providing in-depth insights, also means that the findings may not be directly applicable to other contexts with different accounting traditions and cultures. Therefore, future research is recommended to explore the challenges of IFRS adoption in other countries with varying accounting backgrounds. This would further enrich the understanding of global accounting standardization and its practical implications.

In conclusion, this research contributes to the literature on international accounting standards, particularly in the context of translation and cultural adaptation. It offers a nuanced understanding of the challenges faced in adopting IFRS in a country transitioning from a rule-based to a principle-based accounting system, and it lays a foundation for further exploration and discussion.

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APPENDICES

APPENDIX A: FOCUS GROUP AND SEMI-STRUCTURED IN-DEPTH INTERVIEW QUESTIONS

Demografik Bilgiler

- Yaşınız:
- Öğrenim durumunuz:
- Departmanınız:
- Pozisyonunuz:
- Çalışma hayatınızdaki toplam deneyim süreniz:
- Çalıştığınız sektördeki deneyim süreniz:
- Aynı şirketteki çalışma süreniz:
- Varsa eğer denetim sektöründeki deneyim süreniz:

Sorular

1. Türkiye Finansal Raporlama Standartları'nı uygularken, uygulayan firmaları denetlerken ya da standartlar ile ilgili araştırma yaparken KGK çevirilerini mi yoksa İngilizce metinleri mi kullanıyorsunuz?
2. Size göre, Uluslararası Finansal Raporlama Standartları'nın Türkçe'ye çevrilmesi ile ilgili ana sorunlar nelerdir?
3. Bu bahsettiğiniz sorunlar, Türkiye'deki finansal raporlamanın kalitesini sizce etkiliyor mu?
4. Uluslararası Finansal Raporlama Standartları'nın İngilizce'den Türkçe'ye çevirilerinin kalitesini arttırmak için neler önerirsiniz?
5. Uluslararası Finansal Raporlama Standartları'nın çeviri uyumsuzluklarından kaynaklanan yanlış anlamalar nedeniyle, bildiğiniz herhangi bir hukuki veya etik sorun yaşandı mı? Yaşandıysa, bu nasıl ele alındı?
6. Çevirmenler, muhasebeciler ve düzenleyici organlar gibi paydaşlar, doğru ve tutarlı Uluslararası Finansal Raporlama Standartları çevirisi sağlamak için nasıl daha etkili bir şekilde işbirliği yapabilir?

APPENDIX B: ETHICAL BOARD OF APPROVAL

SAYI : B.30.2.İEÜ.0.05.05-020-228

24.08.2022

KONU : Etik Kurul Kararı hk.

Sayın Doç. Dr. Seçil Sigalı ve Beyza Gürel,

“Assessing the semantic loss in translation of IFRS Conceptual Framework and its effects on decision-making processes” başlıklı projenizin etik uygunluğu konusundaki başvurunuz sonuçlanmıştır.

Etik Kurulumuz 24.08.2022 tarihinde sizin başvurunuzun da içinde bulunduğu bir gündemle toplanmış ve Etik Kurul üyeleri projeleri incelemiştir.

Sonuçta 24.08.2022 tarihinde **“Assessing the semantic loss in translation of IFRS Conceptual Framework and its effects on decision-making processes”** konulu projenizin etik açıdan uygun olduğuna oy birliğiyle karar verilmiştir.

Gereği için bilgilerinize sunarım.
Saygılarımla,

Prof. Dr. Murat Bengisu
Etik Kurul Başkanı