

DI.SEA.DE LUNCH SEMINAR SERIES

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Building U7, IV Floor, Room n. 4066,
Via Bicocca degli Arcimboldi, 8 – 20126 Milano

“ACCOUNTING HARMONIZATION IN EUROPE: MERE FORM WITHOUT SUBSTANCE?”

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ABSTRACT

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

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

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

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

KEYWORDS Language, Accounting harmonization, Substance over form

PAPER TYPE Research paper

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