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## **Interpretation of uncertainty expressions**

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Identification of uncertainty expressions

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differently, even though both groups were members of the same national culture. They also found that bilingual speakers of both languages were different from either unilingual group.

The theory of linguistic relativism suggests that a specific language could predispose its speakers to distinct interpretations of uncertainty expressions and that different languages could lead to different interpretations of uncertainty expressions. As language is intertwined with culture, this leads to the notion that members of different national cultures with different languages, i.e., different language-cultures, could differ in the meaning attached to uncertainty expressions.

The countries selected in this study have different languages (English and German) and have been classified as being members of two distinctly different cultural areas (Anglo and Germanic) (Hofstede, 1980). The question arises whether the different language-cultures in which U.S. Certified Public Accountants (CPAs) and German-speaking Wirtschaftsprüfer (WPs) live and work affects their perception and interpretation of uncertainty expressions found in IAS. The IAS uncertainty expressions examined in the current study are described in the next section.

## IDENTIFICATION OF UNCERTAINTY EXPRESSIONS

The official language of the IASC is English and IAS are published in that language. In 1997, the IASC produced an official German translation of the 33 extant IAS (Schäffer-Poeschel, 1998). This was the first and, at the time, only official translation of IAS into another language. An examination of these standards resulted in the set of 16 uncertainty expressions used in this study (see Table 1). Table 1 indicates that there is some difficulty in translating certain English expressions into German. For example, the single word "remote" is translated into the three-word phrase "Wahrscheinlichkeit äußerst gering" (literal translation = "probability extremely

small"). This apparent lack of direct equivalence of expressions in the two languages suggests that there may be a lack of equivalence in the underlying concepts.

[Insert Table 1 here]

There is also some lack of consistency in the translation to German with multiple expressions used to translate four of the English expressions. For example, the expression "likely" is translated as both "voraussichtlich" and "wahrscheinlich." This inconsistency could be attributed to two possible causes. One, the translators felt that these two German words convey similar meaning and may be used interchangeably. Two, one German expression was deemed to be more appropriate than the other within the context in which it was being used. It is possible that "voraussichtlich" and "wahrscheinlich" convey subtle differences in probability or degree of consensus that are lost by using the single term "likely."

Two different English expressions are translated into the same German word in two situations. "Likely" and "expected" are both translated as "voraussichtlich," and "likely" and "probable" are both translated as "wahrscheinlich." The interchangeability of these expressions suggests that the German translators believe that the English terms "likely," "expected," and "probable" have similar meaning, which indeed may be true.

The translation problems noted above suggests a possible source other than language-culture that could lead to differences in perceptions of IAS uncertainty expression between U.S. and German accountants, namely that translation into another language distorts the underlying meaning that the IASC wished to convey in the original English. For example, German WPs' perception of "Wahrscheinlichkeit äußerst gering" could differ from U.S. CPAs' perceptions of "remote" because the two expressions simply are not equivalent. Therefore, there are two

competing explanations for why interpretation of uncertainty expressions might differ between accountants from two different language-cultures: *culture* and *translation*.

## RESEARCH QUESTIONS

The primary question addressed in this study is whether differences exist between U.S. and German accountants in the interpretation of uncertainty expressions found in IAS. If so, this could have negative consequences for the comparability of financial statements between these two countries even though those statements are prepared using a single set of standards. The first hypothesis examined is:

Hypothesis 1: Interpretations of uncertainty expressions differ between U.S. and German accountants because of differences in culture and/or because of linguistic translation.

If differences in the interpretation of uncertainty expressions exist, the second research question is what is the cause: Are differences due to the different language-cultures of the two groups or are differences due to the effects of translation or are differences due to both? Knowing whether culture or translation is the cause of differing interpretations could be important because one cause might be easier to overcome than the other in improving the comparability of financial statements. The second and third hypotheses examined in this study are:

Hypothesis 2: Interpretations of uncertainty expressions differ between U.S. and German accountants because of differences in language-culture.

Hypothesis 3: Interpretations of uncertainty expressions differ between U.S. and German accountants because of linguistic translation.

## METHODOLOGY