

# ASG Language of Accounting

– FINANCIAL REPORTING AS ORGANISATIONAL COMMUNICATION

Financial communication permeates our daily lives. The increasing volume of information about stock prices, corporate revenues and returns on invested capital can be seen as a sign of the growing importance of the financial economy in broader layers in society. Not only publicly quoted companies and their shareholders are affected by the ups and downs of the financial economy; also people saving in pension funds and paying off their mortgages are intimately intertwined in the development of the financial economy. Consequently, financial reporting has become an important element of the daily information flow in public media. The corporations quoted on the Swedish stock exchange publish approximately 1,250 financial reports annually. These texts are read, scrutinized, evaluated and interpreted by investors, savers, journalists, politicians, consumers and competitors. “Financial reporting” refers to written reports such as annual reports, interim reports and press releases but also oral reports in board meetings and analyst get-togethers.

In order to understand the broader communicative aspects of financial reporting, a distinction can be made between two linguistic registers: the accounting language and the natural language (Crowther et al. 2006). These two registers – or language systems – operate in different ways. The accounting language is based upon numbers, statistics and pre-specified measures such as results, return on invested capital etc. The natural language frames and contextualizes the accounting language by means of explanations, stories, rhetoric, metaphors and so forth. The notion of “natural language” should not be understood as there being an unnatural language somewhere to be discovered. That is not the point. The natural language refers to the various styles, norms and discourses of everyday language, the kind of informal language we use in daily social life. The natural language makes the formal and often esoteric accounting language more accessible to a broader readership of final reports.

The ambition of this project is to contribute to the knowledge of how financial reporting functions communicatively. Our main interest will not be the numbers and statistics per se, but rather the language employed so as to explain, legitimize and contextualize the quantitative information provided by the financial reports.