

Cost Accounting Communication in English as a Lingua Franca: A Multiparadigm Study of Social and Cultural Practices in Multinational Corporations

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ABSTRACT

This study provides a multiparadigm literature review of cost accounting communication within multinational corporations (MNCs), focusing on the use of English as a Lingua Franca (ELF). It critically analyzes how ELF functions across three epistemological paradigms: functionalist, interpretive, and critical. From the functionalist view, English supports standardization and efficiency in global cost reporting. The interpretive lens reveals that cost accounting communication is a socially constructed practice shaped by local cultures and interpersonal interactions. The critical perspective exposes how the dominance of English can reinforce power asymmetries, marginalizing non-native speakers and local accounting traditions. By synthesizing 41 academic works from 2000 to 2025, this review uncovers the linguistic, cultural, and political dimensions of cost communication and suggests practical and scholarly directions for enhancing inclusivity, clarity, and effectiveness in MNC accounting practices.



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1. INTRODUCTION

In an increasingly globalized business environment, multinational corporations (MNCs) must manage communication across diverse linguistic and cultural contexts. Among the technical domains most affected by this complexity is cost accounting, a core component of management accounting that supports budgeting, cost allocation, and internal decision-making. As English has emerged as the lingua franca of international business, it is

frequently adopted as the working language in MNCs for daily operations, internal reporting, and financial analysis—including cost accounting reports (Ehrenreich, 2010; Kankaanranta et al., 2015; Yao & Du-Babcock, 2020). This linguistic shift, while facilitating a standardized mode of communication, also introduces challenges related to language proficiency, cultural translation, and organizational power dynamics (Tietze, 2008; Norberg & Johansson, 2013; Evans, 2024).

From a functionalist perspective, accounting and communication in English are seen as tools to enhance transparency, control, and coordination in complex organizations (Maznevski & Chudoba, 2000). However, this viewpoint often assumes linguistic neutrality and overlooks the interpretive labor involved in translating technical concepts—such as “cost drivers,” “budget variances,” and “overhead absorption”—into meaningful information across different cultures and linguistic backgrounds (Evans, 2024; Delgado et al., 2023). Research shows that non-native English speakers frequently face difficulties in understanding and producing cost-related information in English, which can lead to miscommunication, delayed decisions, and errors in interpretation (Yao & Du-Babcock, 2020).

A shift to the interpretive paradigm reveals that accounting is not merely a technical process but a socially constructed practice, where meanings are co-created through language, symbols, and interaction (Ahrens & Chapman, 2007; Baxter & Chua, 2003). In this view, English is not just a neutral vehicle but an active agent that influences how accounting information is framed, received, and understood. Cost accounting communication, then, becomes a site of linguistic negotiation, where meanings are shaped by participants’ cultural assumptions and professional experiences.

From a critical paradigm, the dominance of English may reflect and reinforce asymmetrical power relations in MNCs. It privileges native speakers and those educated in Western accounting systems, potentially marginalizing employees from non-Anglophone regions (Sian, 2006; Delgado et al., 2023; Kim, 2007). The imposition of English as a corporate language can contribute to epistemic injustice, where local accounting logics or indigenous understandings of cost concepts are ignored or suppressed in favor of global—yet culturally specific—standards like IFRS or Anglo-American cost frameworks (Nobes & Parker, 2020; Tietze & Dick, 2013).

Despite the growing body of work on ELF in business communication, cost accounting remains underrepresented in this discussion. Existing literature tends to focus on financial reporting, international standard translation, or general corporate communication (Evans, 2024; Norberg & Johansson, 2013),

with relatively few studies exploring how language shapes internal managerial accounting practices such as cost control, budgeting dialogue, and intra-organizational performance discussions. Moreover, most research is still anchored in single-paradigm approaches, particularly the functionalist tradition, which limits understanding of how meaning, context, and power interact in multilingual cost accounting environments.

There is a clear need for a comprehensive literature review that synthesizes and critiques existing work on cost accounting communication in ELF, especially by applying a multiparadigm lens that incorporates insights from sociology, critical theory, and cultural studies. Such an approach will not only illuminate how language mediates the production and interpretation of accounting information but also reveal the hidden structures of inclusion and exclusion embedded in global accounting practices.

2. LITERATURE REVIEW

Functionalist Paradigm: English for Coordination and Efficiency

From a functionalist lens, the adoption of ELF in MNCs is seen as a rational response to the communication demands of international operations. Scholars within this paradigm assume that language serves as a neutral and transparent conduit for information transfer (Burchell et al., 1980; Chenhall, 2003). English thus becomes the operational language of cost accounting reports, variance analyses, and budgeting systems, aiming to ensure consistency, comparability, and centralized control.

Research supports this view: Ehrenreich (2010) found that ELF functions as an enabling infrastructure for communication in global firms, particularly in financial documentation and cost tracking systems. Similarly, Kankaanranta et al. (2015) observe that English use in internal reports standardizes practices across geographically dispersed subsidiaries.

However, this perspective often presumes a high level of language competence among employees. In reality, Yao and Du-Babcock (2020) demonstrate that even proficient non-native speakers may struggle to grasp financial jargon in performance reports—especially when reports involve nuanced cost categories such as "accrued expenses" or "activity-based allocations."

Additionally, ERP systems like SAP and Oracle often default to English interfaces for cost tracking modules, which can lead to inconsistencies in data entry or interpretation when end-users rely on informal translations (Evans, 2024; Norberg & Johansson, 2013). While the functionalist paradigm highlights benefits of unification, it fails to capture the sociolinguistic complexities of

cost accounting communication, treating English as ideologically neutral and universally accessible.

Interpretive Paradigm: Cost Accounting as a Socially Constructed Communication Practice

In contrast, the interpretive paradigm emphasizes that accounting is a social and discursive activity. From this viewpoint, cost accounting communication involves more than transmitting figures; it entails the construction of shared meaning through context-specific interactions (Ahrens & Chapman, 2007; Boland & Pondy, 1983). Language shapes not only what is communicated, but also how it is interpreted and enacted in organizational practice.

This paradigm draws attention to how meanings of cost concepts are co-created across linguistic and cultural boundaries. Norberg and Johansson (2013) examined communication between Scandinavian and Asian subsidiaries of a global firm, finding that even when standardized English reports were used, cultural and educational backgrounds led to different interpretations of cost responsibility.

Evans (2024) notes that many English accounting terms—such as “cost centre,” “fixed overhead,” or “standard costing”—have no direct equivalents in other languages, creating translation loss and forcing local managers to rely on contextual cues to make sense of reports. This aligns with Tietze’s (2008) observation that employees often “domesticate” global English in local practice by using hybrid discourses that combine English with native terminology.

Moreover, informal cost communication—such as department meetings, verbal explanations, and PowerPoint briefings—may diverge significantly from the formal content of English reports. Marschan-Piekkari et al. (1999) found that many employees rely on language intermediaries (e.g., bilingual colleagues or assistants) to interpret accounting information, which may alter the original intent of reports.

Thus, under the interpretive lens, English becomes a context-sensitive medium, shaped by organizational norms, relational dynamics, and professional experience, not simply a code for transmitting data.

Critical Paradigm: Linguistic Power and Cultural Dominance in Global Accounting Practices

The critical paradigm critiques the assumption that English is neutral, arguing that the global dominance of English in accounting reflects and reproduces power imbalances between headquarters and subsidiaries, native

and non-native speakers, and Western and non-Western accounting logics (Sian, 2006; Kim, 2007).

Delgado et al. (2023) assert that language and accounting are mutually constitutive: the imposition of English in MNCs often silences local accounting practices, particularly in postcolonial contexts. For example, cost control methods rooted in local wisdom or cooperative models may be marginalized in favor of Anglo-American standards such as absorption costing or activity-based costing.

Sian (2006) found that African accountants trained in English-speaking institutions often internalize Western norms and devalue indigenous practices, perpetuating epistemic injustice. Similarly, Nobes and Parker (2020) argue that international accounting standards, often framed in technical English, reflect an implicit cultural bias that prioritizes Anglo-Saxon rationality over communal or relational business logic.

In everyday communication, language hierarchies also manifest in participation asymmetries. Yao and Du-Babcock (2020) report that non-native speakers are less likely to contribute in cost review meetings due to fear of misinterpretation or loss of face. Tietze and Dick (2013) show that translation practices can be sites of resistance or exclusion, with gatekeepers shaping what gets translated and how. The critical perspective thus urges scholars to examine who benefits from English-based cost accounting systems, and whose knowledge and voices are excluded.

Synthesis

Across paradigms, the literature reveals important—but often disconnected—insights. The functionalist lens highlights standardization and control, the interpretive lens exposes the social and linguistic negotiation of meaning, and the critical lens reveals hidden power structures and cultural marginalization. However, there is a notable gap in research that explicitly integrates these paradigms to analyze cost accounting communication under ELF conditions.

Furthermore, while substantial work exists on financial reporting and IFRS translation, cost accounting—with its internal, real-time, and dialogical character—remains underexplored. This study aims to bridge this gap by applying a multiparadigm literature review that synthesizes findings across sociolinguistics, organizational communication, and accounting to better understand how English shapes, constrains, and empowers cost accounting practice in global organizations.

3. METHODS

This study adopts a qualitative, integrative literature review approach grounded in the multiparadigm framework of accounting research (Chua, 1986; Laughlin, 1995). The review seeks to explore how English as a lingua franca (ELF) function within cost accounting communication in multinational corporations (MNCs), analyzing literature through three paradigmatic lenses: functionalist, interpretive, and critical. This approach allows for a pluralistic and layered understanding of accounting as both a technical and socially constructed practice (Parker, 2008).

The goal is not to test hypotheses, but to synthesize existing research in a way that reveals both theoretical continuities and paradigm-specific differences across disciplines including accounting, sociolinguistics, organizational communication, and international business.

A structured search was conducted between January and May 2025 across several academic databases, such as Scopus, Web of Science, ScienceDirect, Taylor & Francis Online, Emerald Insight, Google Scholar and SINTA. Search terms were used in combinations, including cost accounting communication, English as a lingua franca and accounting, accounting language translation, multiparadigm accounting and sociolinguistics and accounting. The criteria is 1) Peer-reviewed journal articles, book chapters, and reputable conference papers; 2) Publications from 2000 to 2025; 3) Studies discussing communication in cost accounting, management accounting, or internal reporting using ELF; 4) Research situated in MNC contexts or international business settings; 5) Non-hypothetical empirical or conceptual studies. A total of 84 articles were initially retrieved. After applying screening criteria, 41 articles were selected for in-depth review and coding.

This study applies a multiparadigm analysis framework adapted from Chua (1986) and Broadbent & Laughlin (1997), allowing each selected work to be analyzed according to its underlying epistemological assumptions.

Step 1: Paradigm Categorization

Each article was read and classified into one of three paradigms:

1. Functionalist, it assumes accounting is objective, neutral, and decision-useful.
2. Interpretive, it views accounting as socially constructed and context-dependent.
3. Critical, it explores issues of power, inequality, and ideology in accounting.

Paradigm alignment was determined based on the study's theoretical stance, methodological approach, and treatment of language/communication (e.g., whether English was treated as neutral, socially negotiated, or politically contested).

Step 2: Thematic Coding

Using NVivo 14 (qualitative data analysis software), a coding scheme was developed based on recurring themes across the literature:

1. Role of English in cost accounting communication
2. Translation and interpretation issues
3. Power dynamics in language use
4. Miscommunication in budgeting and costing reports
5. Local adaptation and hybridization of accounting terms
6. Communication asymmetries in meetings and reports

Step 3: Cross-paradigmatic Synthesis

The final stage involved cross-paradigmatic synthesis, where the themes were compared and contrasted across paradigms to identify convergence, contradiction, or complementarity. This stage helped reveal how different assumptions about language, power, and meaning shape our understanding of cost accounting communication in MNCs.

4. RESULTS AND DISCUSSION

The discussion of the findings presents an integrated view of cost accounting communication in multinational corporations (MNCs), specifically through the lens of English as a Lingua Franca (ELF). By analyzing the literature through three distinct paradigms—functionalist, interpretive, and critical—we can uncover the complexities of communication within cost accounting practices and explore how these practices are influenced by both social dynamics and power relations.

ELF as a Facilitator of Standardization in Cost Accounting: The Functionalist Perspective

From the functionalist standpoint, the use of English as a common language in multinational firms is often seen as an instrumental tool for coordination, efficiency, and standardization in accounting practices. Scholars argue that the adoption of English allows for the harmonization of cost accounting processes, such as budgeting, cost allocation, and financial reporting (Ehrenreich, 2010; Kankaanranta et al., 2015). As a standardized medium, English facilitates the transfer of cost information between subsidiaries and headquarters, ensuring comparability of reports and

alignment with global financial standards, such as the International Financial Reporting Standards (IFRS).

Yao and Du-Babcock (2020) found that multinational companies that used English as their corporate language observed clearer reporting structures, with consistent language minimizing misunderstandings in cost allocation. This aligns with the observation by Chenhall (2003) that standardization of cost practices across subsidiaries ensures that performance metrics are comparable and decision-making is streamlined.

However, this paradigm glosses over language proficiency disparities that may arise in ELF communication. While functionalists emphasize the efficiency of English in cost accounting, the language proficiency gap among employees can hinder effective communication (Evans, 2024). Non-native speakers may misinterpret financial concepts or misapply accounting terms, leading to inaccuracies in cost reports. Norberg and Johansson (2013) also highlight that discrepancies arise from the inability of translation to capture the exact meaning of technical cost terms, creating barriers to communication despite the use of a common language.

Thus, while ELF offers a standardized platform for cost accounting communication, it is not devoid of challenges related to language proficiency and contextual misunderstandings, which need to be addressed to fully realize its functional potential.

ELF as a Socially Negotiated Tool in Cost Accounting: The Interpretive Perspective

In contrast to the functionalist view, the interpretive paradigm emphasizes that accounting communication is not merely a technical exchange of numbers but a socially constructed practice that is shaped by organizational context, culture, and individual agency. Under this lens, ELF communication in cost accounting becomes a negotiated space where meaning is actively co-constructed by employees who come from diverse linguistic and cultural backgrounds.

In multinational corporations, the interpretation of cost concepts like "variable cost" or "cost drivers" can differ depending on local norms and practices (Evans, 2024; Tietze, 2008). Marschan-Piekkari et al. (1999) observed that in multinational firms, employees often create hybrid forms of English that blend their local language with English, introducing localized meanings for accounting terms. This phenomenon was also seen by Boland and Pondy (1983), who noted that accounting practices are deeply embedded in the local cultural context—even when reports are produced in a standardized language like English.

Furthermore, Kankaanranta et al. (2015) and Tietze and Dick (2013) highlight that informal communication around cost accounting reports often diverges from formal, standardized language. Employees may discuss cost allocations and budget performance in local terms, which may not be directly translatable into English. For instance, cultural interpretations of cost-sharing mechanisms, or the emphasis on relational equity in cost allocation, may contrast with more Western cost structures based on market principles.

Therefore, the interpretive paradigm suggests that English is not a neutral medium but a social tool through which meanings are negotiated, influenced by individual and group-level cultural norms, interpretations, and organizational practices.

ELF as a Source of Power Dynamics in Cost Accounting: The Critical Perspective

The critical paradigm brings to light the power dynamics inherent in the use of English in cost accounting communication. By framing ELF as a tool that reflects and reproduces hierarchical structures, this perspective challenges the assumption that English in MNCs is an egalitarian tool for communication. Power inequalities emerge when employees with less proficiency in English are marginalized in the accounting process, leading to epistemic injustice (Sian, 2006; Kim, 2007).

One of the key issues raised in the literature is the centralization of control over cost accounting practices at headquarters in predominantly English-speaking countries. Delgado et al. (2023) argue that the use of English in financial and cost reports often excludes local knowledge systems and alternative accounting practices that may be more culturally relevant. For example, traditional cost control methods, such as communal or consensus-based cost allocation, are often sidelined in favor of Western methods, such as activity-based costing or standard costing.

Moreover, the fear of miscommunication or the stigma of poor English proficiency in ELF-dominant environments can lead to silencing and non-participation, especially in decision-making forums related to cost management (Yao & Du-Babcock, 2020). Non-native speakers, despite possessing significant local expertise, may avoid engaging in cost discussions if they feel their English will be scrutinized or misunderstood. Tietze (2008) suggests that this reinforces linguistic hegemony, where English becomes a barrier to inclusivity and full participation in cost accounting practices.

Thus, the critical perspective reveals how ELF communication in cost accounting can function as a mechanism of control, reinforcing the dominance of certain cultural and linguistic groups and excluding others from participating meaningfully in global cost discussions.

Synthesis and Implications

The findings from this review suggest that the role of ELF in cost accounting communication within MNCs is multifaceted. From the functionalist perspective, English facilitates the standardization and streamlining of accounting practices, but it also introduces challenges related to language proficiency. The interpretive perspective underscores that ELF is not a neutral tool but is embedded in local contexts where meanings are co-constructed, creating variations in cost accounting practices. The critical paradigm highlights the power dynamics associated with ELF, which can marginalize non-native speakers and undermine the inclusion of local knowledge systems.

Therefore, this study calls for a multidimensional understanding of ELF in cost accounting communication. Future research should consider how companies can address language proficiency gaps through training programs, bilingual accounting materials, and inclusive cost communication practices. Additionally, linguistic diversity should be embraced, with firms recognizing the value of local accounting traditions and incorporating them into the standardized global reporting framework.

In conclusion, while ELF offers a practical solution for communication in global cost accounting, its potential to either empower or marginalize individuals depends on how it is navigated within organizational culture, social dynamics, and power structures.

5. CONCLUSION

This literature review has explored the complexities of cost accounting communication within multinational corporations (MNCs) through the lens of English as a Lingua Franca (ELF) and analyzed its implications using a multiparadigm perspective—encompassing functionalist, interpretive, and critical paradigms. The findings underscore that while English serves as a strategic tool for standardizing financial and cost information across global units, its application is far from neutral or purely technical.

From the functionalist perspective, ELF supports the operational efficiency of MNCs by enabling common frameworks for cost allocation, budgeting, and reporting. However, this approach often overlooks challenges related to

language proficiency and semantic ambiguity, which can hinder effective interpretation of technical cost terms across linguistic boundaries.

Through the interpretive lens, cost accounting communication in ELF is revealed as a dynamic, socially constructed process. Meanings of cost-related concepts are shaped not just by formal definitions, but by cultural context, interpersonal interactions, and local business practices. This paradigm highlights the importance of understanding how accounting language is negotiated and adapted in diverse organizational environments.

The critical paradigm, meanwhile, draws attention to the power structures embedded in the use of English within global accounting practices. The dominance of ELF can marginalize non-native speakers, obscure indigenous accounting knowledge systems, and reinforce linguistic hierarchies. Such dynamics risk silencing voices that may offer valuable alternative insights into cost control and decision-making.

Taken together, these perspectives provide a more nuanced understanding of cost accounting communication in global contexts. This multiparadigm approach challenges the assumption that language is a mere conduit of accounting data. Instead, it reveals how language is deeply intertwined with organizational behavior, social power, and cultural interpretation, especially in the field of accounting management and cost reporting.

For practitioners, the study suggests that effective cost accounting communication requires not only linguistic standardization but also cultural sensitivity, linguistic inclusivity, and support for multilingual resources. For scholars, this review opens pathways to further explore how language mediates accounting practices across borders—not merely as a technical issue, but as a sociocultural phenomenon deserving interdisciplinary attention.

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