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TEXTBOOK AS A CORNERSTONE OF THE TEACHING/LEARNING PROCESS: THE CASE OF THE ESTONIAN ACCOUNTING TEXTBOOK

***Annotation.** After regaining independence, only three financial accounting textbooks have been published in Estonia. Observed Financial Accounting Textbook has become Estonian bestseller and the students have called it the “Bible of the Alvers”. Textbook is intended for use in the first accounting course at the college and university level. The concept of the textbook was formulated by three postulates. The authors of current paper explain how to write successful textbook.*

***Keywords:** textbook, accounting textbook, accounting education, Estonia.*

Historical remark

From the last 800 years, Estonia has been under foreign (Danish, Polish, Swedish, Russian, Soviet) rule for about 750 years. This has heavily influenced the Estonian accounting system: accounting has been directed by foreign authorities and organized based on foreign guidelines. After the incorporation Estonia into the USSR in 1940, and in fact after World War II during 50 years the Soviet influence on accounting development was total. Although accounting in the USSR, as in Western countries, fulfilled the role of stewardship, the difference in the nature of the economic system led to a difference in the determination of accounting priorities and accounting techniques.

Challenges in compiling the textbook

The lack of theory and definitions. In the Soviet Union, the purpose of accounting had been declared as the provision of control for the safeguarding of socialist property and control over the fulfillment of state plans. Politicization of the theory and methodology of accounting and the strict regulation and centralization of financial accounting characterized the Soviet accounting system. An important characteristic of Soviet accounting system was the absence of accounting theory due to political repressions. Command economy simply did not need accounting theory. This was offset by the publication of textbooks, teaching aids, manuals, guidelines etc., which contained a large number of simple accounting entries. It should be noted that this is the situation in Russian accounting even today. Books entitled “8,000 accounting entries”, “10,000 accounting entries”, “10,000 + 1 accounting entries”, “10,000 + 2 accounting entries” and even “12,000 accounting entries” can be purchased from bookstores. Consequently, Estonia has never had its own accounting system, its own theoretical concepts and methods of accounting, as well as accounting theorists.

Lack of terminology of market economy. During the Soviet period, the accounting terminology in the Estonian language was quite well developed but only in the frames of command economy and socialist accounting and under the pressure of the Russian language. In Soviet accounting, common language words were often used as accounting terms. Because of this (Soviet accounting) influence, there were and still are many international accounting and reporting terms and concepts unknown in the former Soviet republics, now independent countries, including Estonia. Hence, English/Estonian/English translation of accounting texts including the translation of IASs/IFRSs has become a big problem. One problem of the Estonian language is that in everyday language the distinction between words “kulutus”, “kulu”, “väljaminek”, whose English counterparts can equally be “cost”, “expense” and “expenditure” has never been made. These words have never been defined as accounting terms, were, and are used interchangeably as synonyms. By

the way, the same problem exists in the Russian language where the words “затрати”, “расходы”, “издержки” have been used interchangeably. In Estonia, the problem arose in 2004 when the translation of IFRSs into Estonian began and it was necessary to translate and define the terms “cost” and “expense”. Another example of a “problematic” accounting term is “liability”. At first, it is necessary to note that differently from the English name “Liabilities and owners’ equity” in the Estonian language a special term “passiva” is used to mark a right side of balance sheet¹. “Passiva” carries the two semantic elements: “kohustised” (liabilities) and “omakapital” (shareholders’ equity). Unfortunately, in the Estonian Accounting Act, the word “kohustus” (*duty*) was used in the meaning of the English term “liability” until 2016. Here we can see the continuing influence of the Soviet time (word “kohustus” meant the same in the Soviet period) but interestingly not the influence of the Russian language. In Russian, the term “обязательство” (*liability*), not “обязанность” (*duty*) was and is used.

Financial Accounting Textbook

After restoration of independence, it was necessary to reorganize all accounting in the country, including teaching of accounting. As Estonia started to follow IFRSs in organizing country’s accounting, a principle-based accounting system also had to be introduced. In 1992 and 1993, the authors of current paper managed to participate in the *Training of trainers project* of an American university. After taking study courses together with local students the authors realized that the transition to a market economy requires completely different materials for teaching and studying.

The truth is that writing textbooks is just very difficult. The textbook is a book used as a standard source of information for formal study of a subject and an instrument for teaching and learning. Additionally, the textbook provides confidence and security for an inexperienced teacher who finds adapting existing textbooks challenging especially for tailored work-related courses. It provides security for the students because they have a kind of a road map of the course: they know what to expect and they know what is expected from them. It provides a set of visuals, activities, readings, etc., and so saves the teacher time in finding or developing such materials. It provides teachers with a basis for assessing students’ learning. It provides consistency within a program across a given level, if all teachers use the same textbook. If textbooks follow a sequence, as within a series, it provides consistency between levels [5]. The features of a good textbook are important when choosing a textbook. The selection of a textbook should take into account three aspects: curriculum coverage, materials presentation, and language [8].

Our goal was to compile an intellectual textbook that teaches to think at first, the substance of the transaction must first be understood and only after that to record. *Financial Accounting Textbook* is intended for use in the first accounting course at the college and university level. The objectives of this course generally include: (1) providing a strong foundation for future courses in business and finance, (2) initiating the course work that leads to a career in accounting, and (3) developing a general understanding of financial reports and analyses that students will use in their personal affairs regardless of their fields of specialization. Our textbook serves all these objectives. Three editions of *Financial Accounting Textbook* have been published in 2004–2017. The last edition includes 18 chapters and 552 pages [4]. There are 119 sources named in the list of used references. At the end of each chapter multiple-choice questions, exercises, problems and crossword puzzles are presented. Answers are given at the end of textbook. The textbook is made valuable by a 12-page Glossary of special terms.

Postulates

The concept of the textbook was formulated as the following postulates:

Postulate 1: Write that students can read. The language of the textbook must be simple and clear. There should be no long, confusing, dragging sentences. Sentences do not have to contain unnecessary words.

There seems to be a general understanding that language issues are not important and have no practical or scientific significance. Therefore, it is no wonder, that both student papers and the few

¹ Similar terms we can find in many other languages: “Passiva” (Italian, Swedish), “Passiv” (German), “Passif” (French), “Pasyvas” (Lithuanian), “Pasivs” (Latvian), “Пассив” (Russian) etc.

professional publications that have been published in Estonia are characterized by superficiality, the use of pointless translations from English, socialist *officialese* (*bureaucratese*, *governmentese*), and long dragging sentences (for example, a student supervised by one author of current paper had 177 words in a sentence!).

The authors of current paper have not yet read or heard that Estonian university lecturers and representatives of leading auditing and accounting firms have drawn attention to the inaccuracies in Estonian accounting terms and definitions (including the terminology of the Estonian Accounting Act). Moreover, many university lecturers and representatives of leading audit and accounting firms underestimate the importance of correct vocabulary and use incorrect vocabulary (including incorrect terminology).

The language of the textbooks can be considered quite unique because it is not a real scientific text or just a narrative text. In the case of textbooks, their suitability for students must also be monitored, and it is important to keep in mind what features a good textbook should contain. The main task of the textbook is to motivate students and share information. The textbook is also a tool for independent acquisition of knowledge during the study course. In addition to conveying the main text, the textbook should also attract students' attention and direct them to in-depth study of the subject.

Postulate 2: Pointless direct translations from foreign languages (English, Russian) must be avoided. If necessary, new Estonian terms must be derived (created).

Accounting language is a special register of language (see above). Special registers often share terminology with “everyday” language, or “ordinary usage”. The translation of such specialized terminology can be particularly problematic – what may not be an obstacle to understanding in “everyday” communication could lead to significant misrepresentations and misunderstandings in a highly specialized context, such as accounting. Thus, translation between languages is anything but straightforward. In such case the translator must apply for help to construct neologisms (new words from the material that exists in the target language) or has to choose between a number of near-equivalents in order to convey the meaning of a term in the original language. We must remember the statement of the famous investor Warren Buffett: “Bad terminology is the enemy of good thinking.”

In order to make the text easier to understand, the new terms need to be clarified by illustrating them with corresponding examples. In our textbook, the terms are explained both in the main text and in the glossary at the end of the book.

Postulate 3: The textbook must be interesting to the user. Write the most enjoyable textbook your students have ever read. Open the textbook from any page, read a few paragraphs and see for yourself: the textbook offers the most engaging read of any financial text.

Readers are quite demanding in terms of study materials and do not like boring books. Often, however, both clear explanations of certain concepts and relevant tasks require a lot of space. Textbooks can be understandable and interesting, where not only logical explanations and ideas are presented, but also contradictory situations are presented [6]. Through a mix of conversational wording, humor, and everyday examples, our textbook achieves a relaxed style that maintains rigor while never sacrificing student engagement. To increase the attractiveness, interesting facts, thematic jokes and even short anecdotes and stories have been added to the text.

We have attempted to inject some wit and humor into the text using, among other things, thematic sayings, crossword puzzles, jokes and anecdotes. For example:

There are just two types of accountants: those who can count and those who can't.

Creditors have better memories than debtors.

FISH – First In, Still Here.

OSWO – Oh Shit, We're Out.

Crossword puzzles are another example of what makes a textbook so fun for students. There is a professional crossword at the end of each chapter. Real-world examples illustrating interesting business situations and the use of accounting information are integrated throughout the text. Students are likely to see multiple-choice questions on tests and exams, so give them some practice with these quick checks of basic concepts.

We think it is also important to know the history of the profession. A small overview was given of the development of records in antiquity and the Middle Ages. As W. Goethe has called double-entry bookkeeping one of the most important inventions of mankind then an overview of its formation is given, as well as the biography of the so-called accounting father Luca Pacioli who wrote the first book about double-entry bookkeeping.

To show that accounting is not just boring the authors follow the principle that “Accounting is too important to be left to accountants”. The field of accounting has been associated with world-famous scholars, scientists, writers, doctors. The student could find in the accounting textbook, for example, who Gerolamo Cardano, Daniel Defoe, Simon van Stevin, Gottfried Wilhelm von Leibniz were and what their contribution to accounting was.

Supporting materials

Today’s student receives a great deal of information from outside the university. The textbook should direct students to encyclopedias and other reference literature. With this in mind, the authors have tried to develop some universal tools to help students learn accounting. At first, a two-volume (1,405 pages) special encyclopedia – *The Encyclopedia of Accounting and Finance* [2; 3] (hereinafter *Encyclopedia*) – should be noted. *The Encyclopedia* presents information about accounting and finance in Estonia as well as in other countries, in the context of historical and contemporary developments in the global business environment. *The Encyclopedia* appears to be unique, somewhat distinct from others in the field. The authors have combined a specialized explanatory dictionary and an Estonian-English specialized dictionary by providing the English equivalents to most of the Estonian terms. This should enable a user to carry out a more detailed search for the meaning of terms or concepts in other reference sources that are available in English. In addition, two specialized dictionaries – *British and American Business Terms* [1] and *Dictionary of Accounting Terms: English–Eesti–Français–Deutsch* [9] – have been composed. During the writing of textbooks and the composition of encyclopedia and dictionaries, the authors have constantly specified and improved the Estonian terminology, deriving new terms if necessary.

Concluding remarks

After regaining independence, only three financial accounting textbooks have been published in Estonia. Observed textbook has become Estonian bestseller and the students have called it the “Bible of the Alvers”. In addition to professionals, Estonian philologists have also expressed their opinion on our book. Several Estonian philology students have used our textbook as well as *Encyclopedia* and dictionaries as basis for their research in composing bachelor and master theses. For example, in 2016, Kadri Nurmoja [7] defended her bachelor’s thesis at the Institute of Estonian Language and General Linguistics of the University of Tartu on the topic “Jaan and Lehte Alver’s Work on Reforming Estonian Accounting Terminology”.

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