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EXPLORING THE DISCURSIVE CONSTRUCTION OF FAIR VALUE ACCOUNTING IN CHINA

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ABSTRACT

This paper explores the adoption of fair value accounting (FVA) in China. Given China's rejection of FVA measurements in the past, the adoption of FVA was a transformative and significant event. This paper shows how this shift in accounting measurement was made possible through the mobilisation discourses associated with market economies within the context of a socialist political system. In so doing, we show how accounting discourse can be used to create and reinforce ideological commitments to neoliberalism. The paper relies on Norman Fairclough's Critical Discourse Analysis (CDA) to study the connections between discursive practices and wider social and cultural relations. We argue that FVA as a discourse enables the appearance of an 'efficient' and 'free' market whilst simultaneously obscuring the shift in ideology towards neoliberalisation that is a feature of China's adoption of market valuations of this kind. The analysis of keywords and phrases such as 'market economy', 'value relevance', 'market efficiency' and 'opening-up', show how discourse is mobilised to produce accounting regulation within China despite the apparent contradictions that exist between market valuations, state regulations and the ideals of a socialist government. This reflects the socio-cognitive aspect of discourse that has the potential to naturalise particular power relations. This paper draws on discourses produced both from power (government, media, leading academics) and those present within forms of dissent to show how discourse functioned to enable regulatory change within China, whilst also obscuring China's growing commitments to the ideals of neoliberalism.

Keywords: Fair Value Accounting, Critical Discourse Analysis, Neoliberalism, Chinese Accounting Standards, Accounting Discourse