

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 Glossary: Definition, Function, and Structure**

A glossary is a collection of terms or vocabulary organized alphabetically and usually accompanied by a definition or equivalent in another language. In professional and academic contexts, glossaries are used to facilitate understanding of technical terms in a particular field. In this study, the glossary serves as an essential tool for organizing and understanding technical terms in accounting and finance, which are commonly used in the shoe manufacturing industry. The glossary can also serve as a training tool for new employees or cross-divisional staff to understand the terms used in company reports or systems.

The importance of glossaries increases as specialization develops in various professional fields. In the manufacturing industry, technical terms do not originate from just one discipline, but rather from a combination of different fields, including production, supply chain management, and finance. Therefore, a glossary can be a tool that bridges the cross-functional understanding gap within a company. This aligns with the point made by Cabre (2003) in Faber and Lopez-Rodriguez (2012), emphasizing that a glossary is a systematic representation of the concepts within a knowledge domain.

Glossaries serve a variety of essential functions, especially in professional and academic environments. One of its primary purposes is to clarify the meaning of technical terms and help avoid misunderstandings in both written and spoken communication. In the shoe manufacturing industry, which involves both production and financial processes, a glossary can be beneficial in explaining terms that may not be familiar to everyone. For instance, phrases like “factory overhead” or “cost of goods sold” need to be clearly defined so that all departments are on the same page.

In the field of translation, glossaries are just as important. They help ensure that terms are used consistently when translating business or technical documents, something that is especially critical for multinational companies

operating across different languages and regions. A well-developed glossary does not just give word-for-word equivalents; it also provides the context in which the terms are used.

Finally, a glossary can also serve as a company's internal standardization tool. With a glossary, the terms used in various company documents, such as annual reports, work contracts, and audit reports can be standardized. This standardization is important for building the company's professional image and facilitating the process of accountability and external audits (International Organization for Standardization/ISO, 2019).

The structure of a glossary includes several important elements that enable the information in the glossary to be used effectively by its users. Glossaries are generally organized alphabetically, containing the term and the definition both in Indonesian and English. In some cases, the glossary also includes guidelines, category fields, and additional notes that explain the technical or legal context of the term. Alexiev (2006) mentioned that glossary entry design should have at least the following main characteristics:

1. A comprehensive and precise definition of terms that follows a pre-designed defining pole,
2. Information about the most common collocations of the terms, and
3. Contextualized examples of the actual use of terms.

In a bilingual glossary, a good structure not only displays the literal translation but also explains the function of the term in the context of its use. This is especially important in an industry like shoe manufacturing, which employs technical terms across various fields, including production and cost accounting. According to Glossarist in Alexiev (2006), “theoretically, a dictionary is a collection of words and definitions about all subjects in a particular language. Having said this, many of the collections of definitions on websites are *called dictionaries but should really be called glossaries as the list of definitions is restricted to specific subject/s.*”. Therefore, the construction of a glossary should be based on an analysis of the real context, not just from a general dictionary. It is

also essential to think about how the glossary entries should be structured so that it can be used in both professional terms and corporate information systems.

## **2.2 Translation of Terms for Glossary**

The translation of terms for a glossary is an important process in the preparation of a bilingual or multilingual glossary. It is not simply a word-for-word translation, but also takes the similarity of meaning, context of use, and culture of the terms. In this context, the terms used are highly technical and often have specific meanings that cannot be translated literally. Therefore, the translator must understand the conceptual and functional background of the term being translated (Ordudari, 2007). Royle (2001) mentioned that using other dictionaries in similar languages, both monolingual and bilingual, is one of the conventional methods of reference for translation.

One approach in the translation is the dynamic equivalence method, which is to find an equivalent term in the target language that has a similar function and meaning, even though it is not lexically the same. This is different from formal equivalence which emphasizes more on the similarity of language structure. Nida and Taber (1982) stated that an effective technical translation should take into consideration the term's communicative function. A good translation should consider the role of the term, not just its word form. This is particularly relevant in the translation of terms such as "cost of material" or "inventory finished goods" in the context of the manufacturing industry.

Bowker (2002) stated that in the practice of professional term translation, the role of glossaries is crucial to ensure consistency. A glossary compiled with reference to a corpus of original documents, such as financial statements or company SOPs, will produce more accurate equivalents of terms. The references include information such as the origin of the term, the target language equivalent, and the context of use. By following this standard, translators can work more systematically, and the resulting glossary can be widely used by users from different backgrounds. Therefore, the translation of terms in the glossary is not only a linguistic practice, but also a technical practice that requires a deep

understanding of the scientific field, organizational structure, and industry context. This process supports the glossary's primary purpose as a professional communication and documentation tool.

### **2.3 Accounting and Finance in Corporate**

Accounting and finance play a central role in a company's management, including strategy design, cost control, and financial reporting oversight (Brigham and Ehrhardt, 2016). In a company environment, these functions are intertwined to ensure business continuity and the achievement of the company's strategic goals. Accounting records and reports financial transactions, while finance manages assets and liabilities, and plans the allocation of funds. Integrating these two functions supports data-driven decision-making and accurate financial forecasting. Hall (2011) in Suzan, Sudrajat, and Daud (2020), stated that an Accounting Information System (AIS) functions to collect, store, and process financial and accounting data that can be used by decision-makers.

Horngren *et al.* (2013) stated that a good accounting system should provide relevant and reliable financial information for decision-makers. This information includes income statements, balance sheets, and cash flows that describe the company's financial condition and performance Wey. In modern companies, this information is also used for budgeting, project evaluation, and assessment of investment risks and opportunities.

On the other hand, financial management focuses on managing the company's resources efficiently and effectively. Financial functions include budgeting, tax planning, working capital management, and long-term investments. Decisions in these areas greatly depend on accurate and punctual accounting information. Additionally, accounting and finance play a crucial role in regulatory compliance and external reporting. Companies must comply with applicable accounting standards, such as IFRS. For example, IFRS 16 Leases regulates how lease transactions are recorded in financial statements, e.g., lease liability (IFRS Foundation, 2016). The implementation of these standards helps companies present reports that are transparent and trustworthy to stakeholders. Therefore, it is

essential for companies to have a glossary of terms that explains financial and accounting terms following international and national standards.

A glossary developed in this context will help improve understanding across departments and in training new employees. With a consistent and well-documented glossary, companies can enhance internal communication and reduce the risk of errors resulting from differences in interpretation. This is especially important in a dynamic and global business environment, where consistency of terms is a key to operational efficiency.

#### **2.4 Accounting and Finance in Shoe Manufacturing Company**

The shoe manufacturing industry has complex operational characteristics and demands accurate financial management. In this context, accounting and finance are not only used for recording ordinary transactions, but also for monitoring production costs, managing raw material inventories, and planning investments in production equipment. The cost accounting system is an important tool that helps companies determine the cost of production and evaluate the overall efficiency of the production process (Huy and Hang, 2021).

Shoe manufacturing companies generally face challenges in budget management because they involve many cost components such as leather, rubber, adhesive, and direct and indirect labor. Therefore, structured financial information is needed to support budget planning and control (Rounaghi et al., 2021). The finance function in a shoe company is also closely related to cash management and investment in the production line. Despeisse and Ford (2017) stated that decisions such as purchasing automated cutting machines or utilizing 3D printing technology in shoe manufacturing should be made based on a thorough financial analysis. Rounaghi, Jarrar, and Dana (2021) also stated that supply chain collaborative activities in manufacturing companies encompassed a variety of joint activities, including cost reduction, research and development (R&D), product development, manufacturing, marketing, distribution, and service. Therefore, a glossary of financial terms that includes terms such as “construction

in progress”, “holding cost”, and “liquidity” is important for all parts of the company to understand.

In addition to its technical aspects, the shoe manufacturing sector frequently engages with global markets and international supply chains. Chung and Shin (2007) stated that technical terms have specialized meanings in a specific field and a particular concept. This requires an understanding of international financial terms, such as “bill of lading”, “approval note for export goods entry” or “export expenses”. As such, a specialized glossary can bridge communication between finance, operations, and overseas business partners. Implementing a glossary within a shoe manufacturing company will enhance operational efficiency and improve reporting accuracy. Precise terminology information can help reduce administrative errors and improve cross-functional understanding (Bowker, 2002). The glossary can also be used as part of internal training for new finance staff or cross-departmental teams involved in the financial planning and reporting process.

## **2.5 Specialized Vocabularies**

Specialized vocabulary in accounting and finance is a set of terms that have specific and technical meanings, whose use is limited to certain professional contexts. Nation (2001) mentioned that specialized vocabulary is recognizably specific to a particular topic, field, or discipline. In a company, especially in the shoe manufacturing sector, the use of technical terms such as “fixed asset”, “cost of goods manufactured”, “liability”, “equity”, and “useful life” is part of daily work practices that require an in-depth understanding. It means that technical terms are also part of the specialized vocabulary. Therefore, developing a glossary that covers this vocabulary is crucial to ensure consistency and accuracy in the workplace. In the company environment, a well-organized glossary can enhance training effectiveness, improve reporting accuracy, and increase the efficiency of cross-departmental work. This is particularly relevant in a shoe manufacturing company, where the finance, production, and logistics departments must have a

common understanding of the technical terms used in internal documents and reports.

According to Chung and Shin (2007), determining technical words based on its meaning involves assessing whether the definition of a word falls within the domain of specialized terminology or not. Using this approach, technical terms such as “bill of lading”, “shipment expenses”, or “working capital” can be assessed in terms of its frequency of use, sentence context, and practical relevance within a shoe manufacturing company. This not only provides linguistic benefits but also enriches the company's internal resources.

In addition to the language aspect, the glossary serves as a strategic tool to enhance accountability and transparency in business processes. The use of consistent terms can reduce ambiguity and increase transparency in the financial statements. This supports good corporate governance practices, particularly when companies must interact with external stakeholders, such as auditors, investors, or government agencies. The development of specific vocabulary in the glossary aligns with standardized communication in global companies. With standardized Indonesian-English bilingual terms, a shoe manufacturing company can strengthen its position in the international supply chain. Additionally, the glossary can be integrated into the company's knowledge management system, thereby becoming part of the ongoing documentation and training process.

## **2.6 Previous Studies**

Studies on glossaries have been conducted in various fields, particularly in the context of education and the development of learning media. Glossaries are considered an essential tool for understanding complex and discipline-specific technical terms. The existence of a glossary not only supports the learning process but also improves the consistency of understanding of the terminology used in a particular field, both among students and professionals.

However, based on the observation results, there has been no research that specifically discusses the development of glossaries sourced from terms that develop in the accounting and finance field in the context of shoe manufacturing

companies. Most of the research still focuses on the field of science or technology education. One relevant example is from Septian and Burhendi (2022) with the research title *Pengembangan Mini Glosarium Fisika Modern Sebagai Referensi Tambahan Peserta Didik Berbasis Augmented Reality*. The study demonstrated that the use of a technology-based glossary elicited a positive response from users, with a success rate of 80% in a small-scale trial and 88.3% in a large-scale trial.

Another study conducted by Rofiqoh (2024) introduced *Buku Glosarium Multibahasa Sebagai Media Peningkatan Pemahaman Kosakata Kebandaraan*, focusing on foreign vocabularies and terms in the field of aviation or airports. This study concluded that the average score of the trial test by respondents of design validation was 4.35%, while material validation obtained 4.41%. Thus, the final result of this study shows that the product is very feasible in improving vocabulary in the field of aviation.

In a different context, a study by Afia and Laili (2023), entitled *Developing a Corpus-Based English Vocabulary Dictionary Using the ADDIE Model*, also emphasizes the importance of the feasibility test process for dictionary products. In the study, validation was carried out by three experts, who are design experts, material experts, and linguistics experts. The results of the validation showed that the design expert assigned a feasibility score of 92%, the material expert assigned a score of 96%, and the linguistics expert assigned a score of 85%. In addition, the user response was also very positive, with a satisfaction score of 100%, indicating that the corpus-based dictionary was feasible and applicable to all respondents.

From the previous research, there is a fundamental similarity with the current research, which both focus on making a glossary. The three previous studies focused on the development of glossaries as learning aids aimed at students, intending to facilitate understanding of technical vocabulary in a particular field. In contrast to the presented studies, this research provides an update by developing a glossary that is specifically focused on the context of the professional workplace, especially in the field of accounting and finance.

The glossary compiled in this study is not intended for academic purposes, but instead functions as a non-academic tool that can be used by professionals, especially employees engaged in accounting and finance in a manufacturing company environment. This research is the first to raise the creation of a glossary for professionals in the context of a company environment, not as a learning medium in an educational environment. Therefore, this research makes a significant contribution and can serve as a reference for further research that explores similar themes, both in developing glossaries for professional fields and in creating non-academic-based resources for work environments.