

■ European traditions in accounting

Accounting research in Slovenia - the intertwining of research and practice

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Scientific production in accounting in Slovenia mirrors the size of the country. It is a country of two million and is home to four universities, only two of which have an accounting and auditing department, yet they boast some remarkable recent research achievements.

The origins and current state of accounting and auditing research

Pre-independence accounting in Slovenia followed the Yugoslav model. This model comprised ideals of decentralised self-management and social ownership with substantial implications for accounting – the concept of owners' equity had no meaning and the emphasis was on production rather than ownership. Immediately after gaining independence from Yugoslavia in 1991, "The Association of Accountants and Treasurers" developed the first set of domestic accounting standards based on international accounting standards of the time, but with some original features. One distinctive characteristic of Slovenian accounting standards was the compulsory revaluation (indexation) of assets with the inflation rate that completely distorted owners' equity in times of relatively high inflation. An even more unique facet of Slovenian accounting standards is that they also provide guidance for the provision of management accounting information, not only for financial reporting. In 1994, the Association established a subsidiary institution "The Slovenian Institute of Auditing". Today, both institutions form a very

influential part of the professional accounting and auditing community in Slovenia. They organise a series of symposia, conferences and seminars, have exclusive rights to run a range of professional certification programmes (i.e. certified accountant, certified auditor, certified business appraiser etc), and issue two professional magazines in the Slovenian language (i.e. Iks and Revizor – Auditor).

Despite the Association's influence on the professional community, accounting research in Slovenia has always been a domain of academia. Although for a long time the term research was usually a synonym for publishing textbooks in the Slovenian language and papers in national professional magazines and general business journals with no international recognition, much has changed in the last decade.

The accounting research community in Slovenia is small, comprising 20 active researchers at best. The Faculty of Economics at the University of Ljubljana (despite the name this is de facto a business school) has an accounting and auditing department with seven full-time faculty members. The Economics and Business Faculty at the University of Maribor also has an accounting and auditing department with seven full-time faculty members. The remainder are researchers at other departments and other schools who are also engaged in accounting-related research. The number of active researchers is unlikely to rise in the future, at least in the mid-term, because currently very few students are pursuing a PhD in accounting. The relative infamy of pursuing an accounting research career seems inconsistent with the fact that accounting is one of the most popular programmes in terms of student numbers at the master's level. However, it does indicate that in Slovenia professional careers in accounting and auditing are more rewarding than academic careers.

Faculty at the state universities are divided into four ranks: assistant, assistant professor, associate professor and full professor (a tenured position). While the ranking system of university positions has a long-standing tradition, the promotion criteria have more recently changed considerably. Before the country's independence from Yugoslavia, the main promotion criterion was seniority and international publications did not play a significant role. After independence, however, the criteria for promotion became increasingly research-based. Today, the promotion criteria are almost exclusively bibliometric.

Slovenia features one of the most quantified and transparent systems of research evaluation in the world. Both universities mentioned above as well as the Slovenian Research Agency as the main funder of scientific research have developed highly sophisticated bibliometric models of research evaluation. In these models the entire portfolio of a researcher's output (not only journal papers and monographs, but also conference presentations, student textbooks and student supervisions etc) is quantified. The universities use their models for promotion purposes. The Slovenian Research Agency uses its model for the purposes of fund allocation and project funding. While a transparent and objective system may seem fair, in reality it has become a hindrance to quality research in many disciplines, including accounting. The use of bibliometric methods is not a problem per se, the problem is that the same evaluation criteria are applied to all disciplines. As a result, accounting researchers in Slovenia find it hard to compete for promotions and research funding with researchers from other business disciplines, let alone researchers from the natural sciences, because other disciplines have completely different publishing patterns.

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An important feature of Slovenian academia in general as well as accounting is academic "inbreeding". Typically, young prospective graduates are recruited as teaching assistants at the same institution where they graduated. They continue with their doctoral studies at the same institution and later stay on and develop their academic career. The problem of inbreeding has been effectively tackled by the Faculty of Economics at the University of Ljubljana. About a decade ago the Faculty started encouraging teaching assistants to do full or at least part of their doctoral studies at reputable international academic institutions. Acknowledging the fact that accounting research is dominated by Anglo-Saxon researchers (i.e. the USA and the UK represent 73% of publication authorship in accounting (Chan et al., 2007), whereas their combined global scientific publication authorship is merely 28% (Knowledge, networks and nations, 2011)), some of the young accounting staff have spent longer periods at recognised universities in Australia, the UK and the USA, where they received quality research training. This research training and international co-operation has resulted in some world-class publications, including in prestigious accounting journals such as *Accounting, Organizations & Society* and the *Journal of Business Finance & Accounting*.

Today, work-in-progress is regularly presented at the main conferences in the field and the Faculty of Economics regularly hosts research seminars with international guests. Recently, the Faculty of Economics also started recruiting foreign visiting professors who complement the accounting training for students and are involved in research. Research methods deployed

in Slovenia follow the European tradition of research method diversity, including the use of archival data, surveys, experiments, interviews and cases. Popular research topics include management accounting, financial accounting, and corporate governance.

The contribution of accounting scholars to accounting regulation and business practice

An important distinguishing feature of Slovenian accounting scholars relative to their international counterparts is their significant influence on accounting regulation and business practice. As board members of the Slovenian Institute of Auditing, accounting scholars have influentially contributed to the development of the national accounting standards and their alignment with the IAS/IFRS. Their impact on business practice is probably even greater than on regulation. Not only do they publish articles for practitioners that are based on empirical research of Slovenian companies and train top managers and supervisors, but they also serve in a range of different professional positions, such as on the board of the Slovenian public agency for auditors' supervision, supervisory boards, boards of directors and audit committees of major Slovenian blue chips, as legal experts in court processes etc. This intense intertwining of practical experience and research work has created a unique profile of accounting scholars in Slovenia. This might be the reason that graduate and undergraduate degrees in accounting have over the last few years substantially gained in popularity.

Organisation of the 35th EAA congress in Ljubljana

Today, the Faculty of Economics at the University of Ljubljana is not just the leading accounting research institution in Slovenia, but probably in all of Eastern Europe. It holds two major international accreditations (EQUIS and AACSB) and has already hosted most of the major conferences within EIASM (EGOS 2004; EFA 2007, EURAM 2008, EARIE 2009, EMAC 2011). We see the opportunity of organising the next annual 35th EAA congress in Ljubljana as a great honour and providing inspiration for future high-quality accounting research in both Slovenia and the entire region.

Reference

Chan Kam, Chen Carl, Cheng Louis (2007): Global ranking of accounting programmes and the elite effect in accounting research, *Accounting & Finance*, 47, 187-220.

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