

## European traditions in accounting

### Accounting research in Croatia: The reflection of transition

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Croatian accounting research should be put in the context of transition of the society, economic system, accounting and higher education. At the beginning of the 1990s, Croatia began the process of transition from a planned socialist to a market economy. The transition to market economy required a change in accounting standards that shortly followed. In 1993 Croatia adopted International Accounting Standards (IAS). This transition to IAS served as a conduit for an increase in accounting research.

The Croatian academic and professional accounting community is organized in three associations. The first association of accounting professionals in Croatia was founded in 1954 under the name of Croatian Association of Accounting and Finance Professionals (HZRIFD). In 1992 HZRIFD became a member of the European Accounting Association (EAA), and in 1994 it became a member of the International Federation of Accountants (IFAC). In addition to the HZRIFD, there are the independent association of Croatian Accountants (UHR) and the Chamber of Croatian Auditors. HZRIFD and UHR both organize annual meetings where research and applied research papers are being presented. Since 2009 HZRIFD also organizes a section within its annual meeting where accounting and auditing MSc and PhD students present their theses. From 2011 on UHR, in cooperation with private business schools and state universities, plans to add more research paper presentations to their annual conference. Research articles presented will deal with issues in accounting in Croatia and in other countries in South-Eastern Europe.

Research activities in accounting are predominantly conducted at state-run universities either in departments of accounting or within departments of finance (and accounting). As of October 2010, there were around 40 active accounting researchers at all state universities in Croatia, combined. Faculty at state universities are divided into four ranks: docent (assistant professor), izvanredni profesor (associate professor), redovni profesor (professor) and redovni profesor u trajnom zvanju (professor with tenure). Faculty is tenured only at the rank of full professor. The criteria for advancement are research based (number of publications) and teaching based (the number of hours of teaching) and are set by the National Council for Science. The ministry in charge of oversight of universities is the Ministry of Science, Education and Sports.

Croatian accounting scholars predominantly focus on financial accounting, with managerial accounting research being less developed. During the 1990s accounting research was mainly focused on transition to International Accounting Standards (IAS) in Croatia. As a result of low investments in science by the government in the 1990s, the main constraint in conducting accounting research was the limited or even non-existent access to financial databases and journals. Since 2000, however, Croatian accounting researchers diversified into other research topics and are making continuous efforts to improve the quality of their research. The newly acquired access to journal databases provides them with an insight in the international state of the art of research. The constraint that still remains is access (or lack thereof) to financial databases, which limits the ability to perform research on non-Croatian data. Together with the development of capital markets in Croatia after 2000, the

number of studies in that area of research has increased significantly. It has, however, remained limited to Croatian capital markets and focused mostly on issues of information content, value relevance, earnings management and voluntary disclosure.

Along with the development of new and more specialized undergraduate and post-graduate accounting related programs, Croatian universities have recently broadened their research interest into new research fields. An example worth mentioning is the University of Split, which within its interdisciplinary Center for Forensic Studies started a Master in forensic accounting and finance in the academic year 2010/2011. Within its Center for Forensic Studies and its Faculty of Economics, the University of Split is planning to develop research on forensic accounting.

Studies are presented at Croatian and international conferences, but are predominantly published in Croatian academic journals. The Croatian accounting community does not have an academic peer-reviewed journal specialized in publishing research in accounting. Accounting research is published in Croatian general business and economics journals, namely *Ekonomski Pregled* (Economic Overview), *Ekonomska Istrazivanja* (Economic Research) and *Financijska Teorija i Praksa* (Financial Theory and Practice). While these journals are more and more included in databases and indices like EconLit or SSCI (Social Sciences Citation Index), their impact factors remain low, indicating that Croatian accounting research, together with other business and economics research, has a rather low impact internationally.

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## Accounting research in Croatia (cont'd)

Journals specialized in accounting do exist, but solely as practitioner journals. While from time to time they publish research papers, this can be seen as more of an exception than a rule. These journals are: *Racunovodstvo i Financije* (Accounting and Finance), *Racunovodstvo, Revizija i Financije* (Accounting, Auditing and Finance), *Financije i Porezi* (Finance and Taxes) and *Racunovodstvo i Porezi u Praksi* (Accounting and Taxes in Practice).

PhD studies constitute an important element in accounting research activities in Croatia. PhD students work with their supervisors, but also attend doctoral schools and courses organized at their universities. To better understand the size and the characteristics of PhD studies in Croatia, we sent out a

questionnaire to five Croatian universities with research active accounting scholars (Osijek, Pula, Rijeka, Split and Zagreb). We asked about the number of master theses and PhD theses defended in the 2000-2010 period. We also asked for PhD theses to be classified according to the methodology used. We received responses from universities of Pula, Rijeka and Split. Combined, these three universities represent more than 50% of the Croatian accounting academic community. In the 2000-2010 period, in those three universities, there were 72 master theses and ten PhD theses that were defended. Nine out of ten PhD theses were empirical archival studies, the remaining one was an experimental study.

It will be interesting to see how Croatian accounting research will develop in the years to come.

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