



ASSESSING THE COST INFORMATION USAGE IN HIGHER EDUCATION INSTITUTIONS – CASE STUDY IN CROATIA AND BOSNIA AND HERZEGOVINA

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Introduction

- The purpose of this paper is to show a current usage of cost information at HEI's in Croatia and Bosnia and Herzegovina through empirical research and to investigate opinions of accountants and financial officers regarding possible implementation of cost accounting methodology in HEI's.
- It is interesting to observe the differences and similarities between those two countries because of their historical linkage.

Literature background

- It is recommendation for HEI's to introduce accounting methods and techniques of private sector through accounting information system (Mitchell, 1996).
- That is possible with the implementation of accrual accounting principle in public HEIs.
- The accrual accounting basis is crucial to understand value of asset and costs (Agasisti et al., 2015) and to increase accountability, financial transparency and efficiency of public HEI's (Christiaens, Rommel, 2008).

- Different authors investigate the implementation of ABC method in public HEI's and present different benefits (Crooper, Cook, 2000; Goodard, Ooi, 1998; Cinquini, Vitali, 2000; Simmons, Wright, Jones, 2006; Dražić Lutilsky, Dragija, 2012) but the main is that it provides cost per service or per student based on the activities undertaken by the teaching staff and administration which improve decision making, better efficiency and effectiveness of HEI's, cost reduction and better understanding of internal processes.

Accounting system in the HEI's in Republic of Croatia and Bosnia and Herzegovina

- Republic of Croatia – modified accrual basis
- BiH – FBiH modified accrual, RS full accrual

RESEARCH OBJECTIVES AND METHODOLOGY

- In order to investigate to what extent is cost information used in Croatian and BIH HEI's and are the accounting and finance officers ready for implementation of accrual accounting basis and full cost approach for calculation of costs in order to track costs per student or service, authors have studied following research questions.

- The research questions of this paper are:

RQ1: Is there a calculation of costs per student or per provided service?

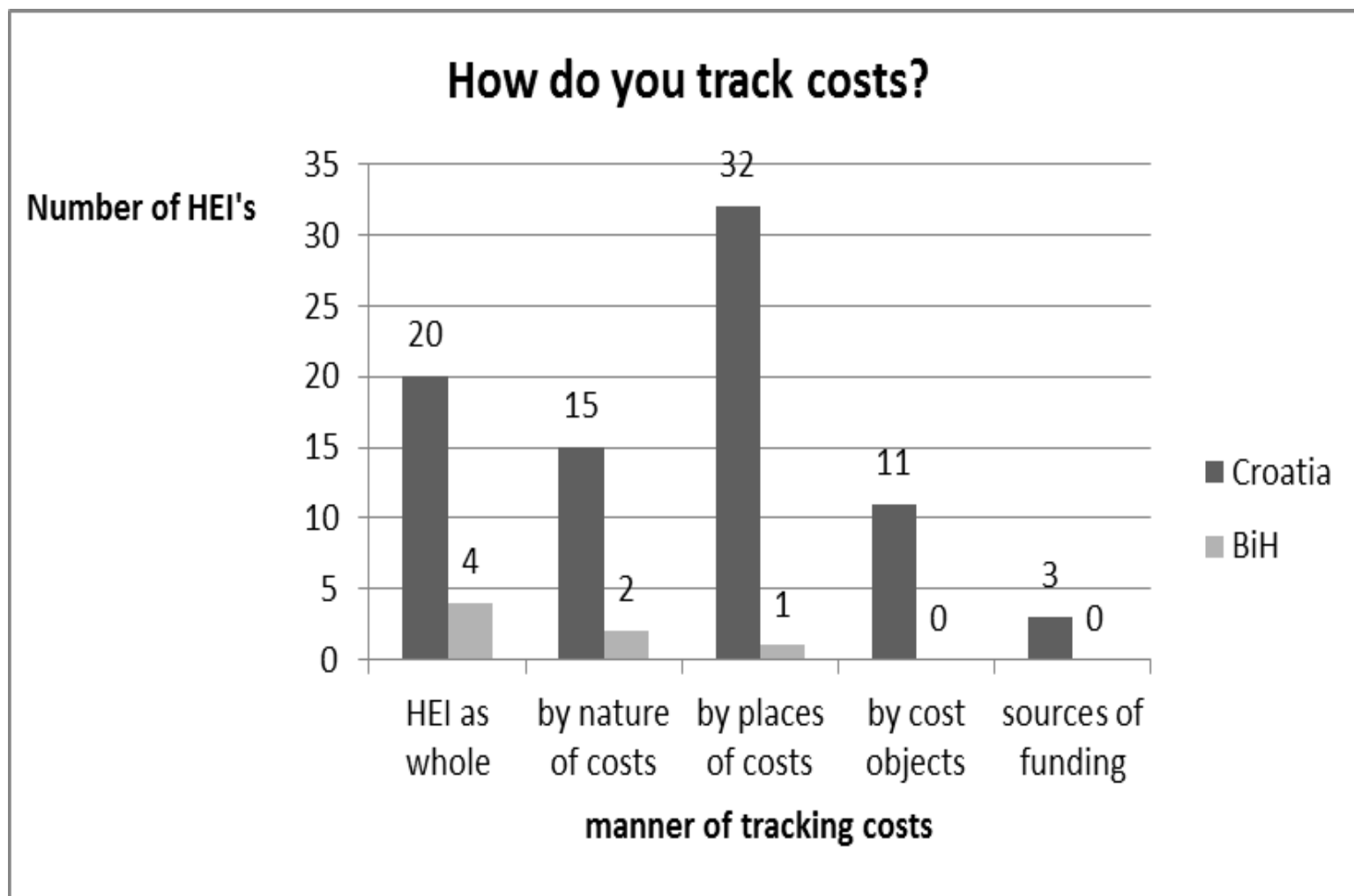
RQ2: At what extend do HEI's use cost accounting methodology?

RQ3: Are the accountants and financial officers in HEI's ready for the implementation of full cost approach for calculation of costs in order to track costs per cost objects?

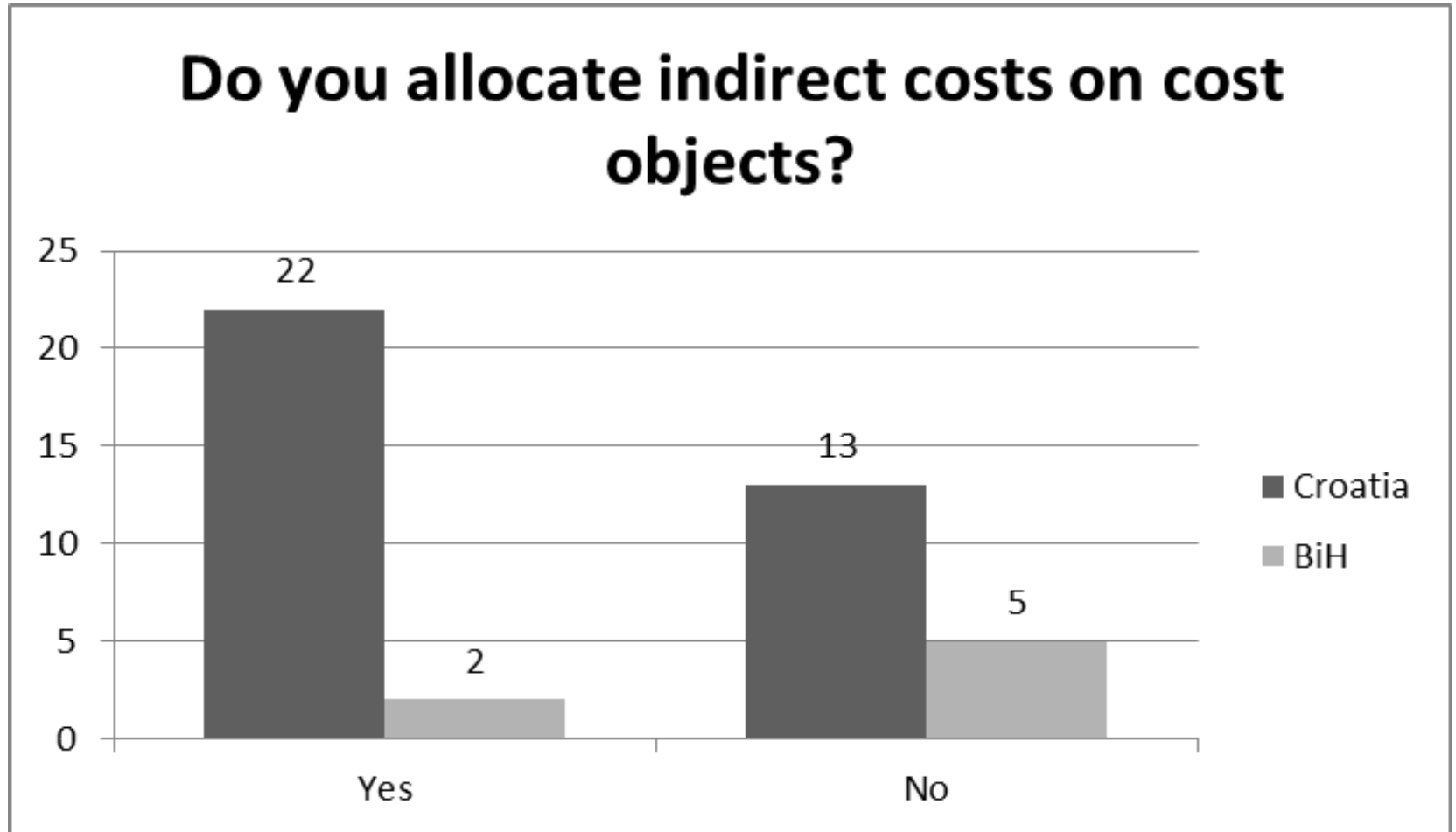
- To determine all of the above a empirical survey using questionnaires was done in January and February 2016 in all Croatian and BiH HEI's in order to gather the necessary data.
- This part of the survey was conducted as a broader research for the project 8509 „*Accounting and financial reporting reform as a means for strengthening the development of efficient public sector financial management in Croatia*“ financed by the Croatian Science Foundation.

- The questionnaires were sent by e-mail in online form and by post to accountant and financial officers in 104 public Croatian HEI's and in 20 public HEI's in BiH. Out of 104 public HEI's in Croatia, 36 of them responded to the questionnaire and 7 of them responded in BiH (for FBiH 5 of them and for RS 2 of them).
- The responded rate in Croatia is 34,6% and in BiH the responded rate is 35%. Figure 1 shows the main source of funding of HEI's in Croatia and in BiH.

Manner of tracking costs



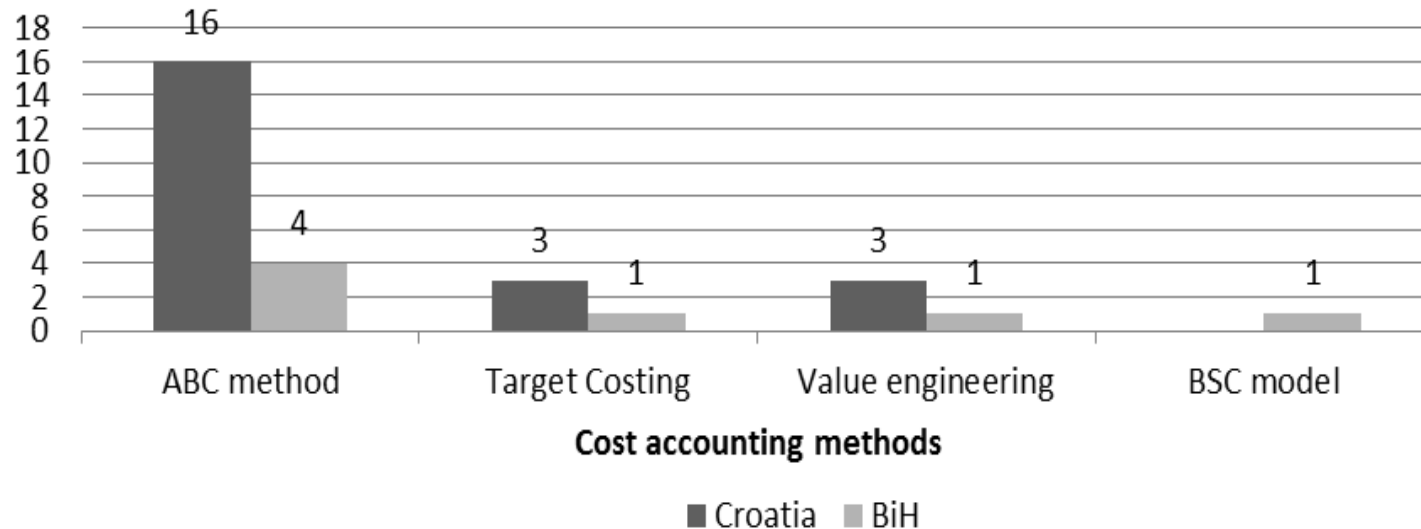
Indirect cost allocation



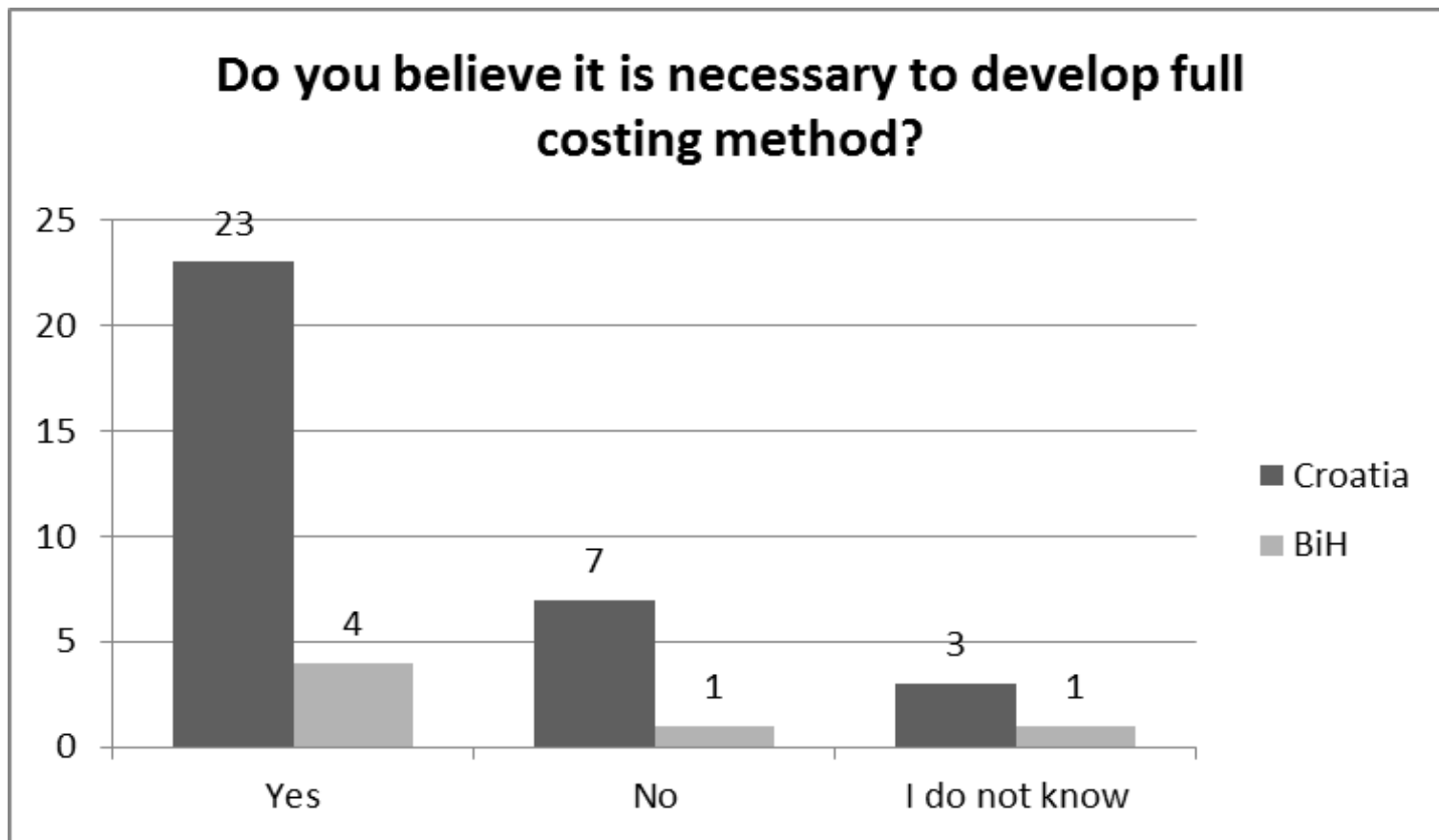
Cost accounting methods

Do you use some of cost accounting methods?

Number of HEI's



. Perception about full costing method development



Conclusion

- Answer on the first research question if there is a calculation of costs per student or per provided service can be summarized in that HEI's in Bosnia and Herzegovina are not calculating costs per student or per provided service since they are not tracking cost by cost object and because 71% of them are not allocating indirect costs on cost object.
- Situation in Croatia is a little bit better since 30% of responded HEI's are tracking cost per cost object and 63% of them are allocating indirect costs on cost object.

- Answer on the second research question is that HEI's in Croatia are using cost accounting methodology and most of them are using ABC method as a method for cost calculation by cost objects.
- In Bosnia and Herzegovina, the answer is ambiguous, because they are not tracking costs per cost object but 20% of them are using ABC method.

- The third research question was whether the accountants and financial officers in HEI's are ready for the implementation of full cost approach for calculation of costs in order to track costs per cost objects.
- The research results shows that most of the accountants and financial officers in both countries believe that full costing method for cost allocation of all direct and indirect costs should be developed.