Chapter 8
IFRS Adoption in Poland in the Light of Empirical Research

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ABSTRACT
The aim of this chapter is to present Polish experience of the IFRS adoption process. The first part characterizes a cultural background of the Polish society. Using Hofstede and Inglehart cultural dimensions Poland is compared to other European countries. The impact of time on national culture is taken into consideration as well as its influence on financial reporting. The authors believe that the culture has a profound impact on the accounting practice and, therefore it can impede or ease the process of the IFRS adoption. In the second part the history of Polish accounting is presented as well as the evolution of an accounting regulatory framework. A special emphasis is put on the scope of the IFRS application in Poland and the issue of IFRS vs. Polish GAAP comparability. The last and the most extensive part is devoted to the positive and negative consequences of the IFRS application in Poland from the perspective of empirical research.

1. INTRODUCTION
Poland is one of the biggest post-communist countries in Central Europe. Although after the World War II it was formally an independent state, it remained in the zone of Soviet influences, as other countries of that region. Year 1989 was an important year in the history of Europe. For lots of countries of that region it meant they became independent of the Soviet influences and beginning of political and economic transformations, in majority of cases achieved by peaceful means. Those changes facilitated unification of Germany and began a process of enlargement of the European Union (EU).

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In the political scope, the countries of that region commenced to build democratic structures, whereas in the economic scope - to create the free market system. For majority of the countries of that region those changes also meant that their economies opened to foreign contacts, trade increase and a greater competition from the part of foreign enterprises. Opening was not easy for domestic enterprises based on the centrally planned economy system. In majority of CEE countries (CEE countries - Central-Eastern Europe countries) the state was an owner of lots of medium and big enterprises before year 1989, only small businesses were left in the private hands. For a great number of the state enterprises, opening of the economy meant lots of problems with selling their products and a necessity of their restructuring, due to lack of competitiveness.

In Poland, the beginning of 90-ies was time of economic problems, bankruptcy of lots of unprofitable state enterprises and privatization of profitable ones. Those changes resulted in unemployment which was a phenomenon unknown previously in the centrally planned communist economy. Economic problem effects also included an inflation phenomenon, piling up social tensions, or structural budget imbalance which limited possibilities of the government. The first years of the transformation were exceptionally difficult what was reflected by the real decrease in the GDP per capita in the first years of the transformations. The Polish state undertook activities simultaneously to form structures and free market institutions. A characteristic feature for Poland which distinguishes it from other countries of that region is a strong development of the capital market - the Warsaw Stock Exchange. The 1990s were a period of building the free market economy. The process was not devoid of mistakes and entailed high social costs.

Poland like other countries of the region started from a very low economic development level comparing to the developed economies of Western Europe. For an example according to the data of the World Bank in year 1990 GDP per capita of the United States was 14 times higher than Polish one, and GDP per capita of Great Britain almost 11 times higher. Generally GDP per capita of Poland was 2.5 times lower than the world average.

Wide opening of the economy outside and the quick transition to the principles of the free market in the economy were characterized as a shock therapy. In Poland this policy has not been assessed unequivocally so far, first of all, because of high social costs. However, it is a fact that after the transition to the free market principles the Polish economy entered a pathway of high growth after a few years. It can be seen in doubling of the GDP indicators and GDP per capita in Poland in the period between year 1989 and year 2014. For year 2013 GDP per capita of the United States is only 4 times higher than Polish, and GDP per capita of Great Britain only 3 times higher than Polish one. Generally, per capita of Poland is significantly higher than the world average.

In the last 25 years a significant aspect of the Polish economy was a large inflow of direct foreign investments. For example, in 1990, the level of foreign investment inflow to Poland was about 100 million USD. According to the report produced by the United Nations Conference on Trade and Development (UNCTAD), a total of 230 604 million USD flowed into Poland in 2012.

In the last 25 years the most important events were accession of Poland to North Atlantic Treaty Organization (NATO) and the EU. In particular, the last event was the culmination of the long period of the economic transformation. It also enabled to procure the EU structural funds which boost the economic development even more and linked the Polish economy with economies of other EU countries, particularly with the German economy. As it is indicated by the German minister for economy, Sigmar Gabriel, the Germany-Poland trade exchange is greater than the Germany-Russia exchange, or Germany-Japan (Osiński, 2015).
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