

Krajňák, Michal

Article

Accounting according to the Czech legislation or IFRS? Czechia case study

Journal of Business Economics and Management (JBEM)

Provided in Cooperation with:

Vilnius Gediminas Technical University

Suggested Citation: Krajňák, Michal (2024) : Accounting according to the Czech legislation or IFRS? Czechia case study, Journal of Business Economics and Management (JBEM), ISSN 2029-4433, Vilnius Gediminas Technical University, Vilnius, Vol. 25, Iss. 3, pp. 553-571, <https://doi.org/10.3846/jbem.2024.21531>

This Version is available at:

<https://hdl.handle.net/10419/317693>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by/4.0/>

ACCOUNTING ACCORDING TO THE CZECH LEGISLATION OR IFRS? CZECHIA CASE STUDY

Michal KRAJŇÁK 

Department of Accounting and Taxes, Faculty of Economics, VSB-Technical University of Ostrava, Ostrava, Czech Republic

Article History:

- received 07 November 2023
- accepted 28 March 2024

Abstract. The article deals with the decision-making situation whether it is more advantageous for accounting entities in Czechia to keep accounting according to Czech accounting regulations or to International Financial Reporting Standards. The preparation of financial statements only in accordance with national accounting regulations may often not be sufficient. Different ways of regulating accounting in the world put pressure on accounting harmonization. International Financial Reporting Standards are the world's primary tools for accounting harmonization. The results of the decision analysis show that it is more advantageous for accounting entities to prepare financial statements only in accordance with national accounting regulations. The main reason for the higher utility of this option is lower costs, which is the most important criterion in the decision-making process. While accounting entities confirm that the preparation of financial statements in accordance with International Financial Reporting Standards provides higher quality and comparability of accounting information, it also provides higher costs. In the article are used methods of analysis, synthesis, comparison and a selected method of multi-criteria decision making.

Keywords: accounting, analytic hierarchy process, Czechia, financial statements, International Financial Reporting Standards, harmonization of accounting.

JEL Classification: M41, C44.

■ Corresponding author. E-mail: michal.krajnak@vsb.cz

1. Introduction

Accounting has an irreplaceable role in today's world. Its primary function is to provide support for economic decision-making. The information potential is in the financial statements (Yaser Saleh et al., 2023; Nam & Thomson, 2023). It is necessary to regulate the accounting system to get understandable, correct and comparable information. Each country has its own system of financial accounting regulation. The reason for accounting regulation has been emphasized by the fact that the financial statements are publicly accessible documents.

The existence of many national accounting systems and the incomparability of the information was one of the reasons for starting the process of harmonization. Globalization of the economy, the development of international cooperation or the single internal market are factors why an accounting entity should consider whether the accounting system ensures the credibility, quality of information and treasures for economic decision-making. The economic consequences of the Covid-19 pandemic are still causing pressure to reduce costs, which is

reflected in accounting. Businesses all over the world are facing this pressure. Thus, the current research question is which accounting system is more advantageous.

The financial statements can be prepared either in accordance with the national accounting legislation or with the transnational accounting standards which are now considered, for example, according to Sanchez et al. (2023) International Financial Reporting Standards (hereinafter IFRS) and United States Generally Accepted Accounting Principles (hereinafter US GAAP).

As the study title suggests, the decision on whether to account according to transnational or national accounting standards is prepared in the Czechia's legal environment. Czechia is a suitable case study for the research for several reasons. The legislative regulation of accounting in Czechia has long been different from the regulation by IFRS. Since 2000 the national accounting regulation has been gradually getting closer to IFRS standards. It is the selection of a country that has neither full nor zero compliance with the adjustment in IFRS that is considered Czechia as very suitable for this study. Another reason for the suitability of Czechia for this study is the fact of the stable rating evaluation of various agencies (Ministry of Finance of the Czech Republic, 2021). In the long term, Czechia shows a high industry share in the gross domestic product compared to other countries. This share is significant, for example, in the field of machine, electro technical or tire production (Čačiev, 2016). The strong industrial orientation of the economy is thus a factor supporting international cooperation. For the development of international cooperation, not only membership in many international institutions but also convergence of accounting regulation is necessary. For investors, financial statements are the primary source of information for economic decisions. At the same time, it is essential to point out the fact that until 1989, the country's financial management was implemented by a system of centrally controlled decision-making. In 1990, the transition to market management began, which also necessitated the creation of a new accounting system corresponding and responsive to the market environment of the economy.

In the case of Czechia, the entities keep accounting in accordance with the rules set out in the Accounting Act and Czech Accounting Standards. Under applicable legislation, they may keep accounting by IFRS or US GAAP. Therefore, the research question is whether to keep accounting and prepare the financial statements per national accounting standards or to respect the principles and procedures set by globally accepted accounting standards. The second research question is what advantages and disadvantages these variants bring to the entity.

The aim of the article is to use the multi-criteria decision-making method to select the accounting system with the highest effect. When the decision-making process for choosing the optimal accounting system, criteria whose degree of significance is different are considered. Another goal is to assess the impact of the Covid-19 pandemic on entities' decisions as to whether to prepare financial statements in accordance with national or transnational accounting standards.

The uniqueness of the article is the fact that in addition to variants based on full respect of national or transnational accounting standards, the set of variants also includes variants that are based on the gradual approximation of national standards to transnational standards. The uniqueness of this study is also the chosen methodological approach because the application of multi-criteria decision-making methods has not yet solved a similar problem outside the below mentioned study, which also demonstrates the added value of the article.

A study analysing the decision-making situation of whether to do accounting according to national or transnational accounting standards was carried out in 2018 (Krajčák, 2020).

There was inconsistency in the data obtained from the questionnaire survey in this study. This study removes these fundamental limitations. At the same time, the potential of a previously conducted study is utilised in such a way that the results of the study conducted in 2023 can be compared with the results found in 2018.

The introduction part of the article defines the research problem. The next part deals with an overview of studies dealing with aspects of accounting harmonization in the context of IFRS. The content of the following chapter is an overview of the methods used and the determination of input data for analysis. The main part of the text is the fourth chapter, in which the optimal variant is selected by the AHP method. As the aim of the text is also to compare the current results for 2023 with the results for 2018, this issue is also included in this chapter. The last part of the text is focused on summarizing the main conclusions, defining the limiting factors of this study and proposing other aspects that may be analysed in the future. In addition to the multi-criteria decision-making methods, methods of analysis, synthesis and comparison are used in the text.

2. Literature review

The importance of IFRS in harmonization has been the topic of many studies. A wide range of criteria is analysed when deciding whether to prepare financial statements in accordance with IFRS or with national accounting legislation.

One of the research topics is whether applying IFRS affects financial reporting quality. Ahmed et al. (2013) mention that studies can be divided into two main groups, studies stating that IFRS adoption improved transparency and comparability of financial reports. The second group of studies concludes that IFRS has lowered the contractibility of accounting.

According to Hartmann et al. (2020) or Dhallwal et al. (2019) the adopting of IFRS has increased the credibility and quality of the accounting system. It follows that the potential for growth in the quality is not only for the accounting unit but also for the external user of accounting outputs, such as the state. Also in Czechia, since 2005 entities have been obliged to prepare financial statements in accordance with IFRS if they trade their capital on the European regulated market. The conclusions of Obradovic et al. (2018), Paseková et al. (2019) or Cho et al. (2021) also confirm the quality of IFRS standards. Based on the high quality of IFRS, the convergence of national accounting standards to IFRS standards is supported. Research indicates that, especially in the first year of applying IFRS, entities may incur increased costs due to a lack of work experience with IFRS standards. Other studies, such as Song and Trimble (2022), found that adopting IFRS has increased in the quality of financial reporting. Using IFRS improved the quality of financial reporting (Opare et al., 2021) and the quality of financial analysis.

IFRS as well as US GAAP represent high-quality principles for financial reporting. The quality of IFRS standards is also gradually increasing. These findings follow from the conclusions of the studies Anaga et al. (2023); Azzali et al. (2021) or Bassemir and Novotny-Farkas (2018). Among other things, these studies mention that the existence of the conceptual framework strongly increases the quality of accounting from the point of view of shareholders or investors.

On the other hand some entities are still not ready to apply IFRS, for an example according to Owais and Dahiyat (2021) Jordanian insurance companies. In addition to insurance companies, small enterprises often do not apply IFRS, as confirmed by a study by Fernandez et al. (2019). Due to the high costs and complexity of the initial application, there is also IFRS

for small and medium-sized enterprises. The World Stock Exchange does not recognize the preparation of financial statements per this standard as financial statements per IFRS (Mhedhbi & Essid, 2022; Encarnacion, 2022).

The adopting IFRS on the quality of financial reporting in countries that have been applying IFRS since 2005 was the subject of a study by Ahmed et al. (2013). This quality is assessed also from the point of view of external users, which can be, for example, investors. The conclusion of this analysis is that the quality of financial reporting may not always improve. For an example, the study found that the risks that would lead to possible high future losses were better illustrated while respecting the rules of national accounting standards. Similar conclusions are shown by Homola and Pasekova (2020) analysing the impact of IFRS on the quality of financial statements in Czechia companies. According to Li et al. (2022) declined accrual reliability in adopting IFRS also arises. The decline in reliability can only be temporary and it depends on the degree of difference between domestic accounting standards and IFRS (Byard et al., 2011).

Outputs from accounting, i.e. financial statements, are used by external and internal users. Their common feature is that they invest their resources in the business of another enterprise. Shareholders are persons who trade company shares on the stock exchange. A broader term is an investor who invests his funds for future profit, e.g. between the purchase and sale price of a share or share of a trading company. A shareholder invests to obtain a share of the profit and the opportunity to participate in the management of the business company. The possibility of stock market trading is another factor influencing whether to prepare financial statements in accordance with national accounting standards or IFRS. It is confirmed that the preparation of financial statements according to IFRS limits earning manipulation, which is one of the reasons why world stock exchanges consider the financial statements prepared only according to national accounting standards to be insufficient (Khan et al., 2020).

Entities, whether they keep accounting in accordance with national or IFRS standards, incur costs with this accounting. Rosmianingrum et al. (2023) demonstrate that entities incur higher costs when firstly adopting IFRS. This study states as one of the conclusions that costs can increase by more than one-fifth. Pawsey (2017) mentions that in the following years, bookkeeping according to IFRS leads to higher costs, mainly due to staff training and development or education of financial statement users. It follows that it is necessary to decide whether to keep accounting according to IFRS or national accounting standards demandingness on understanding of financial statements. IFRS standards have been adopted around the world according to various policies. IFRS allow for variance in accounting in some cases, which may affect demandingness on understanding of financial statements (Edeigba et al., 2020). Both the user's perspective and the management's perspective, according to Na (2011), require that the information obtained from accounting be comprehensible. The necessity to solve this from the point of view of managers is also demonstrated by the results of Kubota and Okuda's study (2023). The necessity to consider not only the user's perspective but also the management's perspective is also emphasized by the study of Duan (2016) since accounting is one of the primary sources for economic decisions.

In particular, the first adoption of IFRS is characterized by a high complexity of accounting (Efretuei et al., 2022). The complexity of accounting must be considered also in the compilation of financial statements (Baudot et al., 2018). Accounting provides data on the economic result, which is then adjusted to the tax base. Therefore, accounting is the input material for tax returns (Tanchev, 2022; Li et al., 2023).

One of the goals of business is to make a profit. Accounting also brings costs. According to Matthews (2021), the most significant component is personal costs. These are not the only costs that arise in connection with ensuring accounting. Accounting is conducted using software support, which leads to additional fees. It is also imperative to have highly qualified employees, which leads to the need to invest in employees, specifically in increasing their qualifications (Gambie, 2022).

The first implementation of IFRS increases costs for companies and the process of complexity in accounting and preparing financial statements. Jindřichovská and Kubíčková (2017) analysed the implementation of IFRS on the financial statements in the Czech accounting entities. Equally important remains the fact that entities must adjust the tax base from the effect of IFRS when calculating their income tax liability, which also increases the complexity of the accounting process.

Therefore, the research question of many studies is whether to keep accounting in accordance with national or transnational accounting standards such as IFRS. The overview of research studies shows that no previous studies have evaluated all the mentioned criteria simultaneously, which is the uniqueness of this study. This removes the limitation of previously conducted research studies in deciding whether to account according to national or international accounting standards. Another removes the limitation of previous research is that the treasure is also a questionnaire survey that was carried out in 2023. The data from this survey thus fully reflect and consider the current economic situation of companies affected by inflationary pressures in the economy, rising fuel prices, the energy crisis or the effects of the COVID-19 pandemic. This makes it clear that the conducted study has the potential for new results leading to further expansion of scientific knowledge.

According to the overview of studies and the current situation in the Czech Republic, not only in the area of accounting harmonization, the following hypotheses is formulated,

H₁ – in connection with the impact of the COVID-19 pandemic, the area of personal costs will be an important criterion,

H₂ – the preparation of financial statements according to IFRS is more expensive for accounting entities than the preparation of financial statements according to Czech accounting regulations,

H₃ – about the ongoing harmonization process, variants based on IFRS reporting will show higher utility than variants based only on the application of the rules of national accounting standards.

3. Data and methodology

The data for the analysis were obtained from a questionnaire survey carried out in Czechia in the 1st quarter of 2023 in the Zlín Region. As the scope of application of IFRS is not typical for small or micro-enterprises, industrial enterprises with more than 100 employees are selected for analysis. According to the latest available data from the Czech Statistical Office (n.d.), there were a total of 339 such enterprises in the Zlín Region as of 1 January 2022. The reason for choosing Zlín region is the fact that from the point of view of the region's performance (number of companies, gross domestic product per capita, or the gross domestic product to the number of companies), Zlín region is considered to the long-term average stable region (Karban, 2020).

Another reason for choosing this region is the diversity of focus of industrial enterprises. Also, according to the Czech Statistical Office (2022), many other economic indicators, such as the unemployment rate or the average wage, are very close to the oscillating value for the entire Czechia. These facts contribute to the fact that the Zlín region can be considered a representative region of Czechia. It must be admitted that if, for example, the capital city of Prague were selected, where wages are above average compared to the average value of Czechia, the results would be different. Selecting a region that does not show economic or sociological fluctuations thus ensures representativeness concerning Czechia.

Not all 339 companies were included in the research sample, the research sample is determined in accordance with Eq. (1):

$$n = \frac{z^2 \times N \times r \times (1-r)}{(d^2 \times N) + (z^2 \times r \times (1-r))}, \quad (1)$$

where N is the size of the population, z is the required degree of certainty, d is the permissible deviation rate and r the expected deviation rate. The required degree of certainty is set according to Kissell (2020) to 95 %, the size of population N is 339 companies, the required degree of certainty z is 1.96 (Moore, 2020), the permissible deviation d is 5% according to the Chamber of Auditors of the Czech Republic (n.d.), expected deviation rate r is set according to the Instructions CHJ of Ministry of Finance of the Czech Republic (2021) at 2%. According to the formula (1) it is necessary to make a questionnaire survey at 28 accounting entities:

$$n = \frac{1.96^2 \times 339 \times 0.02 \times (1-0.02)}{(0.05^2 \times 339) + (1.96^2 \times 0.02 \times 0.98)} = 28.$$

A certain possibility that would limit the indicative value of the sample may be the selection of these respondents. Respondents are not randomly selected. The criterion considers that the subject of the accounting unit's activity is different and that small, medium, and large industrial enterprises from the region are represented. It is also necessary to point out that more than 28 respondents had to be approached, as four respondents initially selected refused to fill out the questionnaire due to the sensitivity of the data. Despite this fact, the sample is considered representative. However, it is necessary to emphasize to a certain extent the limitations in that when selecting other 28 respondents, slightly different values may result.

The subject that determines the significance of the criteria is the head of the accounting department – all assessed criteria are related to the area of accounting issues. The heads of the accounting department were usually people with a university degree, many years of accounting and managerial work experience. These facts ensure that the data obtained from the questionnaire survey are relevant. As one of the aims of this study is to compare and evaluate the attitude to accounting harmonization, the criteria are set in accordance with the survey already carried out in 2018 (Krajňák, 2020).

The questionnaire contained tables in which the respondents expressed the importance of the assessed criteria C_1 to C_5 and sub-criteria K_1 to K_{13} with a numerical rating ranging from 1/9 to 9. Saaty's recommended point scale with descriptors was available to the respondents to assess significance. The detailed structure of the questions in the questionnaire is part of the Appendix to this text. In the questionnaire, the respondents also commented on the number of employees in the accounting department at present. Another question related to

employees was how many additional employees would have to be increased or reduced when implementing another accounting variant.

In order to ensure the credibility and validity of the respondents' answers, each questionnaire was checked for data consistency. This is the removal of one of the limitations of an earlier similar study, where data consistency was verified only for all data as a whole, which could, in some cases, distort the significance of the weight of the assessed criteria. Average values for the entire research sample obtained from the questionnaire survey are shown in Table 4.

One of the essential managerial functions is decision-making. The aim is to select the variant that the decision-making subject prefers (Soam et al., 2023). The weight of the criteria influences the choice of variant because the importance of these criteria is usually not the same. The principle of the questionnaire survey was based on a pairwise comparison of the significance of the i -th criteria using the Saaty method (more e.g., Stofková et al., 2022). The result of the comparison is the Saaty matrix S generally determined by Eq. (2):

$$S = \begin{matrix} & \begin{matrix} k_1 & k_2 & \dots & k_j \end{matrix} \\ \begin{matrix} k_1 \\ k_2 \\ \vdots \\ k_i \end{matrix} & \begin{pmatrix} s_{11} & s_{12} & \dots & s_{1j} \\ s_{21} & s_{22} & \dots & s_{2j} \\ \vdots & \vdots & \ddots & \vdots \\ s_{i1} & s_{i2} & \dots & s_{ij} \end{pmatrix} \end{matrix}, \quad (2)$$

where s_{ij} are elements of Saaty's matrix and k is criterion. The standard weight v_i of the criteria is determined using Eq. (3):

$$v_i = \frac{G_i}{\sum_{i=1}^n G_i}, \quad (3)$$

where G_i is geometric mean. The condition for the relevance evaluation in the Saaty matrix S is the consistency of the data in this matrix. This is verified by a consistency coefficient CR defined by Eq. (4):

$$CR = \frac{CI}{RI}, \quad (4)$$

where RI is the random index, CI is consistency index. After determining the weights of the i -th criteria, it is possible to choose of the optimal accounting variant using the widely applied method AHP (Analytic Hierarchy Process). Firstly, the utility of the j -th variant was calculated using a matrix. This absolute utility took the form of a matrix A .

$$A = \begin{matrix} & \begin{matrix} a_1 & a_2 & \dots & a_j \end{matrix} \\ \begin{matrix} a_1 \\ a_2 \\ \vdots \\ a_i \end{matrix} & \begin{pmatrix} a_{11} & a_{12} & \dots & a_{1j} \\ a_{21} & a_{22} & \dots & a_{2j} \\ \vdots & \vdots & \ddots & \vdots \\ a_{i1} & a_{i2} & \dots & a_{ii} \end{pmatrix} \end{matrix}. \quad (5)$$

Subsequently, in this case, the consistency of the data was verified using (4). A local weight was calculated, the principle is in formula (3). The global weight v_{gi} was then determined that

the local weight showed the utility of the respective variant when considering the importance of the criterion u is multiplied by this weight v_i

$$v_{gi} = v_i \times u. \quad (6)$$

The last step of this method to determine the optimal variant is based on the calculation of the resultant weight. This weight is determined by Eq. (7):

$$VV = \sum_{j=1}^n v_{gi}, \quad (7)$$

where VV is the resultant weight and v_{gi} is global weight of the j -th variant. The variant with the highest weight is recommended for implementation (Kulakowski, 2020).

4. Results and discussion

A total of five variants characterize the decision-making situation. The first variant V_1 is based on the accounting in accordance with Czech accounting regulations and IFRS. This is also the situation valid for accounting entities that are residents of Czechia from the point of view of the Income Tax Act, but at the same time, they are also obliged to keep accounting in accordance with the system recognized by the world stock exchange. The second variant V_2 is based on accounting in accordance with Czech accounting regulations, the third variant V_3 is accounting in accordance with IFRS. These variants can also be encountered in accounting practice.

The harmonization of accounting has been gradual process. For this reason, two more variants are included in the set of decision-making situations based on the essence of the gradual approximation of the national accounting system of the IFRS system. Specifically, V_4 – accounting in accordance with Czech accounting regulations, assuming and gradual implementation of IFRS and compliance of national legislation with IFRS in the period of time up to 10 years and V_5 – same as V_4 with compliance within 5 years. It should be noted that in addition to keeping accounting under IFRS, entities may also use the rules set out in the US GAAP system. This option was not included in the set of decision-making variants due to the Convergence Project. This project aims to close the differences between US GAAP and IFRS. These systems are based on similar principles and are according to Cipriano et al. (2022) or Akamash et al. (2022) comparable.

Implementing IFRS into the national accounting system to ensure the conformity of the national and transnational system is not a short-term but a long-term process. For this reason, a period of ten, resp. five years in the case of the fourth, resp. fifth option before the full implementation is reached. The length of this period was determined in accordance with the conclusions of the Convergence Project and the results of the studies of Lin et al. (2019). A total of five summary criteria influence the choice of the optimal variant. An overview of the main criteria and sub-criteria is in Table 1.

The main criteria C_1 to C_5 as well as all sub-criteria K_1 to K_{13} are determined based on consultations with the managers of the accounting departments in business companies, which subsequently participated in the questionnaire survey. The questionnaire survey was conducted in two phases. In the first phase, a discussion took place with the respondents regarding formulating the criteria or sub-criteria. Subsequently, in the second phase, respondents were distributed a questionnaire to fill out. The basis for setting the criteria was also the results of studies already mentioned in the literature review part.

The goal of a company is to make a profit Pechancová et al. (2022), so it is necessary to minimize the costs. In order to be profitable, it is desirable to minimize costs as much as possible, especially in the context of the economic recession due to the global Covid-19 pandemic, as evidenced by the results of studies by Pavlatos (2021) or Cui et al. (2021). This leads to the fact that criterion C_1 is a minimization criterion.

The preferred accounting system should also ensure the comprehensibility of the information that users obtain from accounting statements (Barth, 2022). The comprehensibility of accounting information should be as high as possible. For this reason, only relevant information should be presented (Da Silva et al., 2018). The above facts are the reason why criterion C_2 is minimizing and criterion C_5 is maximizing.

Accounting incurs the costs associated with the entity, as noted. Since the goal is to reduce costs, it is usually the case that if accounting is less demanding, the costs will also be lower (Baudot et al., 2018). Therefore, criterion C_4 is minimizing.

An entity uses internal and external funding sources to finance its activity. The external sources are according to Haiduchenko et al. (2020) cheaper. A company can also obtain these external sources on the world stock exchange. In order to be able to enter this exchange and trade here, it is necessary to prepare financial statements in accordance with the accounting system recognized by the World Exchange. However, these are usually not national accounting systems, but transnational systems Kainth and Wahlstrom (2021). Therefore, an entity should use the accounting system that the world exchange accepted and that criterion C_3 validates.

Table 1. Criterion (source: own processing)

Criterion	Sub-criterion	Type of criterion
C_1 – Costs	K_1 – Labour costs	Minimizing
	K_2 – Cost of training and education	
	K_3 – Cost of accounting software	
	K_4 – Other costs	
C_2 – Demandingness on understanding of accounting information	K_5 – User's perspective	Minimizing
	K_6 – Management's perspective	
C_3 – The possibility of trading on world stock exchange		
C_4 – Complexity of accounting	K_7 – In accounting process	Minimizing
	K_8 – In process of preparing financial statements	
	K_9 – Materials for tax return	
C_5 – Quality and credibility of accounting	K_{10} – From owners perspective	Maximizing
	K_{11} – From the state perspective	
	K_{12} – From the shareholder perspective	
	K_{13} – From the investors perspective	

4.1. Determination of absolute utility

The input data for the analysis are shown in Tables 2 and 3. Table 2 shows the costs expressed in CZK for sub-criteria K_1 to K_4 . The value for criterion K_1 – Labour cost quantifies the average monthly wage costs of the company's analysed accounting departments. The average wage

of an accountant in 2022 in the Zlín region was a total of CZK 42,384 (Informační systém o průměrné výdělku, 2023). According to the data from the questionnaire survey, the average number of employees in analysed companies in the accounting department is about 6.75 persons. With a few exceptions, entities currently keep accounting in accordance with national accounting standards (i.e. variant V_2). These entities state that in case they would keep accounting according to IFRS (V_3) they would have to increase the number of employees by one, in case of keeping accounting according to IFRS and according to national accounting standards by two employees (V_1). Suppose there is a gradual approximation of compliance with national accounting standards with IFRS. In that case, the entity states the need to hire an average of one more employee in the form of part-time work (for variant V_4 to 0.4 full-time, for variant V_5 to 0.6 full-time).

A necessary condition for employees to provide adequate work performance is to increase their qualifications as shown by the criterion K_2 – Cost of training and education. On average, entities expect to hedge a total of two qualification courses for the accounting period. According to educational agencies in Czechia, the average price of 1 accounting course of Czech accounting is based on CZK 3,000, and IFRS is based on CZK 3,500 (Vox, n.d.). In the event of a gradual convergence of national accounting standards of the IFRS, frequent amendments to the legislation are expected, and thus 3 accounting seminars per year are expected. As entities are value-added tax payers, all calculations are done without value-added tax. For principles about value-added tax see Krzikallová and Tosenovsky (2020) or Andrejovská et al. (2020).

Companies use software for keeping accounting. This fact is taken into the decision by criterion K_3 . Software costs include amounts for the using for 1 year. One of the most used accounting software is Pohoda (n.d.), the number of licenses that the company purchases depends on the number of employees in the accounting department. Other costs (K_4) include estimated services or minor material costs.

Table 2. Criterial Matrix for K_1 - K_4 (source: own calculation's)

K	V_1	V_2	V_3	V_4	V_5
K_1	328,476	286,092	370,860	303,046	311,522
K_2	6,500	6,000	7,000	10,000	10,000
K_3	35,920	27,940	31,930	31,930	31,930
K_4	7,500	7,500	9,000	8,000	8,500

Based on the data from the questionnaire survey, summary values are presented in Table 3, which is used as input data to determine the usefulness of the j -th variant in the i -th criterion. The input data from the questionnaire survey are the basis for quantifying the utility of criteria K_5 to K_{13} . To evaluate the utility of the j -th variant, taking into account the i -th criterion, a point scale from one to ten is used. The assessment for criterion C_3 – The possibility of trading on world stock exchange is not based on a questionnaire survey but on the current accounting legislation. Financial statements recognized by the world stock exchange declare full compliance with IFRS, i.e. variants V_1 and V_3 . For this reason, criterion C_3 in the criterion matrix is a verbal criterion, where the YES rating means that the world stock exchange recognizes the financial statements, the NO rating means that the world stock exchange does not recognize such financial statements. The matrix in Table 2 and Table 3 confirms the validity of hypothesis H_2 that preparing financial statements and accounting in accordance with IFRS is more expensive for accounting entities that accounting according to Czech regulations.

Table 3. Criterial Matrix for Criterial Matrix for C_5 and $K_5 - K_{13}$ (source: own calculation's)

Criterion	V_1	V_2	V_3	V_4	V_5
K_5	9	6	8	10	10
K_6	6	3	5	8	9
C_3	Yes	No	Yes	No	No
K_7	6	3	7	8	9
K_8	10	6	10	9	9
K_9	2	3	5	5	6
K_{10}	10	6	9	7	8
K_{11}	9	8	8	7	8
K_{12}	8	4	9	5	6
K_{13}	10	5	10	8	7

4.2. Weight of criteria

The weights of the i -th main criteria and sub-criteria are determined using the Saaty method. Table 4 shows the weights of the main criteria C_1 to C_5 .

Table 4. Weight of criteria (source: own calculation's)

C_i	C_1	C_2	C_3	C_4	C_5	v_i	CR
C_1	1	5	9	4	4	50.93	0.0751
C_2	1/5	1	5	1/2	1/2	10.35	0.0207
C_3	1/9	1/5	1	1/7	1/8	2.85	0.0909
C_4	1/4	2	7	1	2	20.16	0.0459
C_5	1/4	2	8	1/2	1	15.69	0.0507

The results show that criterion C_1 – Costs is the most important for entities, while criterion C_3 – The possibility of trading on the world stock exchange is the least important. The second most important criterion is C_4 – Complexity of accounting. This criterion is connected to criterion C_1 , because if the complexity of accounting is high, it will be necessary to increase the number of staff in the accounting department. Lower weights have criteria C_2 – Demand-ingness on understanding and C_5 – Quality and credibility of accounting. Based on the results, H_1 is accepted. Cost is the most important criterion.

In addition to these main criteria, sub-criteria have also been defined as local and global weights which are demonstrated in Table 5.

Table 5. Local and global weights of criteria and sub-criteria (source: own calculation's)

Criterion	Weight (%)	Sub-criterion	Local Weight (%)	Global Weight (%)
C_1	50.93	K_1	66.92	34.09
		K_2	9.77	4.97
		K_3	17.86	9.10
		K_4	5.45	2.78
C_2	10.35	K_5	88.89	9.20
		K_6	11.11	1.15

End of Table 5

Criterion	Weight (%)	Sub-criterion	Local Weight (%)	Global Weight (%)
C ₃	2.85	C ₃	2.85	2.85
C ₄	20.16	K ₇	62.50	12.60
		K ₈	23.85	4.81
		K ₉	13.65	2.75
C ₅	15.69	K ₁₀	61.60	9.67
		K ₁₁	10.43	1.64
		K ₁₂	19.42	3.05
		K ₁₃	8.82	1.76
Total			–	100.00

The most important criteria are K₁ – Labour costs and K₇ – Complexity of accounting during the accounting process. Accounting is an important information tool for economic decisions, as the criterion K₁₀ – Quality and credibility of accounting from owners' perspective is the third most important criterion. In all cases, the consistency of the data was verified.

Determination of the optimal variant

The optimal variant is influenced not only by the weight of the criteria but also by the effect of the implementation of the j -th variant. The resulting global weights are determined using (7). The data in Table 6 show that it is advantageous for accounting entities to keep accounting only in accordance with Czech accounting regulations, which is the essence of variant V₂, as the resulting global weight is the highest (43.69%). The main reason is lower labour costs when entities keep accounting according to the Czech legislation. The order is relatively close in the case of variant V₁ – Accounting according to Czech accounting regulations and according to IFRS and V₃ – Accounting according to IFRS. The positive of the third option are lower labour costs. But the complexity of the IFRS in comparison with Czech accounting causes these accounting statements more difficult to understand for internal and external users. The advantage of both V₁ and V₃ is that the entity prepares financial statements recognized by the world stock exchange. However, for entities, this criterion is one of the less significant.

Variants based on the gradual approximation of national accounting standards to IFRS have the lowest effect. The reason for this is mainly the increased staff training costs and the limited possibility of comparability of financial statements over time. On the other hand, it should be noted that the gradual approximation of national accounting standards to IFRS (variants V₄ and V₅) may be a way how to achieve consistency of accounting between the two currently different systems in the long-term point of view.

Table 6. The global weights V₁-V₅ [%] (source: own calculation's)

Criterion	V ₁	V ₂	V ₃	V ₄	V ₅
K ₁	1.09	16.66	3.16	8.03	5.13
K ₂	1.37	2.35	0.88	0.19	0.19
K ₃	0.30	5.07	1.24	1.24	1.24
K ₄	1.11	1.11	0.09	0.29	0.18
K ₅	0.88	5.39	2.16	0.39	0.39

End of Table 6

Criterion	V ₁	V ₂	V ₃	V ₄	V ₅
K ₆	0.16	0.61	0.28	0.06	0.04
C ₃	1.22	0.14	1.22	0.14	0.14
K ₇	1.95	7.89	1.44	0.83	0.49
K ₈	0.29	3.10	0.23	0.60	0.60
K ₉	1.46	0.69	0.25	0.24	0.12
K ₁₀	4.65	0.33	2.83	0.68	1.18
K ₁₁	0.91	0.22	0.22	0.05	0.22
K ₁₂	0.92	0.10	1.52	0.19	0.31
K ₁₃	0.52	0.04	0.52	0.17	0.10
Total	16.84	43.69	16.04	13.10	10.33

The study's conclusions differ, for example, from the results of the Nobes and Zeff (2016), which analysed whether to keep accounting according to national accounting legislation or IFRS in the three countries: Canada, Japan and Switzerland. Despite the different approaches to IFRS the recommendation for all analysed countries is to prepare financial statements according to IFRS. Similar conclusions, for example in the Swedish environment, were found out by the Hartmann et al. (2020), because national accounting regulations strongly influence the implementation and possibly of the IFRS adoption.

4.3. Comparison with results from 2018

The order of variants in the comparison of 2023 and 2018 is partially different. As an optimal is still variant V₂ – Accounting according to Czech accounting regulations. The effect of this variant is slightly higher than in 2018. This conclusion thus refutes the formulated hypothesis H₃ about the expected higher utility of variants based on IFRS.

The second best is the variant is V₁ – Accounting according to Czech accounting regulations and IFRS. The resulting global weights are only slightly higher than in variant V₃ – Accounting only according to IFRS. In general, it can be stated that accounting only according to IFRS is the variant with the highest decrease in the resulting effect.

Achieving full compliance with IFRS may be the gradual approximation of national accounting legislation to IFRS. The results in Figure 1 show that these options remain the least effective to entities and their effect (options V₄ and V₅) is the lowest, even though the effect increased slightly compared to 2018.

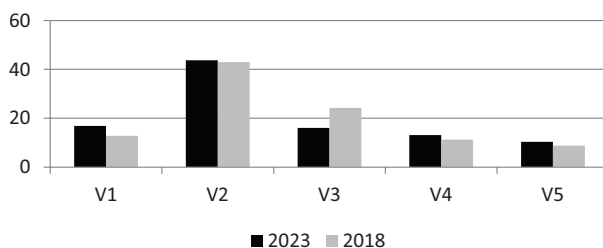


Figure 1. Comparison of results (source: own processing)

Compared to the results of 2018, the effect for the V_3 decreased the most. In connection with the COVID-19 pandemic and the energy crisis, the company pays significant attention to cost optimization. Another reason is the war conflict and inflation effect. These situations affect the already mentioned costs of accounting entities. Another impact is to increase the pressure on credible accounting (Neisen & Schulte-Mattler, 2021; Cui et al., 2021). Based on the results entities primarily strive to reduce costs, even though that this can influence the quality and reliability of accounting.

The established results of the study were presented to the interviewed respondents at the beginning of the fourth quarter of this year, i.e. approximately 9 months after the questionnaire survey was carried out. Based on the feedback from the respondents, it follows that in the current situation, the respondents would pay even more attention to cost. This fact would then have the effect that the resulting utility would be even higher for the V_2 variant. This slight growth trend can also be observed when comparing the results of 2018 and 2023. Companies report that there is still a slight uncertainty in the economy regarding the future development of both the domestic and world markets. As feedback considering the current situation, the respondents understand that accounting with only national accounting standards may not be sustainable in the long term. The planned amendment to the Accounting Act for 2024 and 2025 ensures at least a small part of transforming the Czechia's accounting treatment closer to IFRS in the area of functional currency. The increase in energy costs or, in some cases, lower demand for company products also affects the surveyed companies.

5. Conclusions

The aim of the article was by using the method of multi-criteria decision-making to select the financial reporting system that brings the highest effect. A total of five variants were assessed – accounting according to Czech accounting regulations, according to IFRS, accounting according to Czech accounting regulations and according to IFRS, or variants based on the gradual implementation of IFRS into national accounting legislation. The choice of the optimal variant was influenced by five summary criteria – costs, demandingness on understanding of accounts statement, the possibility of trading on the world stock exchange, the complexity of accounting and the quality and credibility of accounting. The most important criterion was cost.

The results show that accounting according to Czech legislation is the most advantageous. The main advantage is low costs. Accounting in accordance with national accounting standards also ensures the provision of quality information for the economic decision-making of business entities. Despite this fact, world stock exchanges do not recognize financial statements prepared in accordance with national accounting regulations. When accounting entities transform their accounting profit or loss to the tax base, entities must abstract from the effects of IFRS. This implies an obligation for accounting entities to keep accounting in accordance with Czech accounting regulations and IFRS, which is the second-best option. The third best option is based on accounting only according to IFRS. IFRS also influence the current form and regulation of accounting through national accounting standards. The gradual approximation of national accounting standards to IFRS does not show optimal values in the conditions of Czechia.

The research study also had several limitations. The study was performed in the conditions of Czechia in the Zlín region. This region was selected because of its performance, which

corresponds to the average of Czechia. Next limitation is the fact that US GAAP was not included in the set of options in the decision-making situation. Another limitation is also due to the methodology used. Suppose a different multi-criteria decision-making method was chosen. In that case, slightly different results may occur. When generalizing the results of the decision-making analysis carried out in the region, it is necessary to consider the specificities of the areas for example by different employment levels or average wages.

The study dealt with the advantages of applying IFRS to accounting entities in Czechia. The aspects analysed in this study may be the subject of further future research, both when comparing other results over time and in simplicity, e.g. by expanding the research sample of respondents to another country. The globalization of the economy, the development of international cooperation and foreign trade are factors that will constantly pressure the need to harmonize the logic of accounting and financial statements, which are essential tools for economic decision-making.

Acknowledgements

This paper is an output of the project SGS SP2023/013.

Disclosure statement

There aren't any competing financial, professional, or personal interests from other parties.

References

- Ahmed, A.S., Neel, M., & Wang, D. (2013). Does mandatory adoption of IFRS improve accounting quality? Preliminary evidence. *Contemporary Accounting Research*, 30(4), 1344–1372. <https://doi.org/10.1111/j.1911-3846.2012.01193.x>
- Akamash, H., Marson, S., & Shafron, E. (2022). Disincentives to exchange customized local GAAP for IFRS. *Journal of Accounting and Public Policy*, 41(6), Article 107002. <https://doi.org/10.1016/j.jaccpubpol.2022.107002>
- Anaga, J., Zori, G., & Alon, A. (2023). IFRS adoption approaches and accounting quality. *International Journal of Accounting*, 58(3). <https://doi.org/10.1142/S1094406023500099>
- Andrejovská, A., Konečná, V., & Hakalová, J. (2020). Tax gap as a tool for measuring VAT evasion in the EU countries. *Ad Alta-Journal of Interdisciplinary Research*, 10(2), 8–13. <https://doi.org/10.33543/1002813>
- Azzali, S., Mazza, T., Reichelt, K., & Wang, D. (2021). Does mandatory IFRS adoption affect audit hours and the effectiveness to constrain earnings management? Evidence from Italy. *Auditing – A Journal of Practice & Theory*, 40(4), 1–25. <https://doi.org/10.2308/AJPT-18-061>
- Barth, M. (2022). Accounting standards: The 'too difficult' box – the next big accounting issue? *Accounting and Business Research*, 52(5), 565–577. <https://doi.org/10.1080/00014788.2022.2079757>
- Bassemir, M., & Novotny-Farkas, Z. (2018). IFRS adoption, reporting incentives and financial reporting quality in private firms. *Journal of Business Finance & Accounting*, 45(7–8), 759–796. <https://doi.org/10.1111/jbfa.12315>
- Baudot, L., Demek, K. C., & Huang, Z. (2018). The accounting profession's engagement with accounting standards: Conceptualizing accounting complexity through big 4 comment letters. *Auditing: A Journal of Practice & Theory*, 37(2), 175–196. <https://doi.org/10.2308/ajpt-51898>
- Byard, D., Li, Y., & Yu, Y. (2011). The effect of mandatory IFRS adoption on financial analysts information environment. *Journal of Accounting Research*, 49(1), 69–96. <https://doi.org/10.1111/j.1475-679X.2010.00390.x>

- Cipriano, M., Cole, E., & Briggs, J. (2022). Value relevance and market valuation of assets measured using IFRS and US GAAP in the US equity market. *International Journal of Accounting and Information Management*, 30(1), 95–114. <https://doi.org/10.1108/IJAIM-06-2021-0126>
- Čačiev, G. (2016, September 21). Portrét ČR z pohledu zahraničního experta [Portrait of the Czech Republic from the perspective of a foreign expert]. *Statistika & my*. <https://www.statistikaamy.cz/2016/10/21/portret-cr-z-pohledu-zahranicniho-experta/>
- Chamber of Auditors of the Czech Republic. (n.d.). *Mezinárodní auditorský standard ISA 530 „Výběr vzorků a další způsoby testování“*. Retrieved November 1, 2022, from <https://www.kacr.cz/data/Metodika/Auditing/ISA/ISA530.pdf>
- Cho, M., Kim, S., Kim, Y., Lee, B. B. H., & Lee, W. (2021). IFRS adoption and stock misvaluation: Implication to Korea discount. *Research in International Business Finance*, 58, Article 101494. <https://doi.org/10.1016/j.ribaf.2021.101494>
- Cui, L., Kent, P., Kim, S., & Li, S. (2021). Accounting conservatism and firm performance during the COVID-19 pandemic. *Accounting and Finance*, 61(4), 5543–5579. <https://doi.org/10.1111/acfi.12767>
- Czech Statistical Office. (n.d.). *Hlavní makroekonomické ukazatel* [Key macroeconomic indicators]. Retrieved April 1, 2023, from https://www.czso.cz/csu/czso/hmu_cr
- Czech Statistical Office. (2022). *Statistická ročenka České republiky – 2022* [Statistical yearbook of the Czech Republic – 2022]. <https://www.czso.cz/csu/czso/statisticka-rocenka-ceske-republiky-2022>
- Da Silva, A., J. Brighenti, J., Klann, R. C. (2018). Effects of convergence on international accounting standards on the relevance of accounting information of Brazilian companies. *Revista Ambiente Contabil*, 10(1), 121–138.
- Dhallwal, D., He, W., Li, Y., & Pereira, R. (2019). Accounting standards harmonization and financial integration. *Contemporary Accounting Research*, 36(4), 2437–2466. <https://doi.org/10.1111/1911-3846.12495>
- Duan, X. (2016). Accounting information fusion for decision making. In C. Foo (Ed.), *Diversity of managerial perspectives from inside China* (pp. 67–81). Springer. https://doi.org/10.1007/978-981-287-555-6_5
- Edeigba, J., Gan, S., & Amenkhiannan, S. (2020). The influence of cultural diversity on the convergence of IFRS: Evidence from Nigeria IFRS implementation. *Review of Quantitative Finance and Accounting*, 55(1), 105–121. <https://doi.org/10.1007/s11156-019-00837-0>
- Efretuei, E., Usoro, A., & Koutra, C. (2022). Complex information and accounting standards: Evidence from UK narrative reporting. *South African Journal of Accounting Research*, 36(3), 171–194. <https://doi.org/10.1080/10291954.2021.1970450>
- Encarnacion, V. (2022). A model proposal based on IFRS SMEs for the improvement of economic and financial management in small enterprises in Guayaquil. *Revista Finanzas Política Económica*, 14(1), 49–74. <https://doi.org/10.14718/revfinanzpolitecon.v14.n1.2022.3>
- Fernandez, G., Willa, V., Cepeda, O., Flores, R., & Nina, D. (2019). The international financial reporting standards (IFRS) and its application in SMEs in Ecuador. *Revista Inclusiones*, 6, 331–351.
- Gambie, J. (2022). 'Occupation', labour markets and qualification futures. *Journal of Vocational Education and Training*, 74(2), 311–332. <https://doi.org/10.1080/13636820.2020.1760336>
- Hartmann, B., Marton, J., & Sols, J. (2020). IFRS in national regulatory space: Insights from Sweden. *Accounting in Europe*, 17(3), 367–387. <https://doi.org/10.1080/17449480.2020.1824073>
- Haiduchenko, S., Lelechenko, A., Dobryn, S., & Kipa, M. (2020). Mechanism of management of financial resources of enterprises of the machine-building industry of Ukraine. *Financial and Credit Activities: Problems of Theory and Practice*, 1(32), 87–99. <https://doi.org/10.18371/fcaptp.v1i32.200291>
- Homola, D., & Pasekova, M. (2020). Factors influencing true and fair view when preparing financial statements under IFRS: Evidence from the Czech Republic. *Equilibrium-Quarterly Journal of Economics and Economic Policy*, 15(3), 595–611. <https://doi.org/10.24136/eq.2020.026>
- Informační systém o průměrné výdělk. (2023). *Aktuální výsledky šetření* [Current results of the survey]. <https://www.ispv.cz/cz/Vysledky-setreni/Aktualni.aspx>
- Jindřichovská, I., & Kubíčková, D. (2017). The role and current status of IFRS in the completion of national accounting rules – Evidence from the Czech Republic. *Accounting in Europe*, 14(1–2), 56–66. <https://doi.org/10.1080/17449480.2017.1301671>

- Kainth, A., & Wahlstrom, R. (2021). Do IFRS promote transparency? Evidence from the bankruptcy prediction of privately held Swedish and Norwegian companies. *Journal of Risk and Financial Management*, 14(3), Article 123. <https://doi.org/10.3390/jrfm14030123>
- Karban, P. (2020). *Zpráva o českých krajích 2020. Rozdíly mezi regiony přetrvávají* [Report on Czech Regions 2020. Differences between regions persist]. Czech Chamber of Commerce. Businessinfo.cz. <https://www.businessinfo.cz/clanky/zprava-o-ceskych-krajich-2020-rozdily-mezi-regiony-pretrvavaji/>
- Khan, S., Abdou, K., & Ghosh, S. (2020). Mandatory adoption of IFRS and its effect on international stock listings in Canada. *Journal of Financial Regulation and Compliance*, 28(3), 409–429. <https://doi.org/10.1108/JFRC-01-2020-0010>
- Kissell, R. (2021). Machine learning techniques. In *Algorithmic trading methods: Applications using advanced statistics, optimization, and machine learning techniques* (pp. 221–231). Elsevier. <https://doi.org/10.1016/B978-0-12-815630-8.00009-0>
- Krajňák, M. (2020). Financial statement according to national or international financial reporting standards? A decision analysis case study from the Czech Republic at industrial companies. *Inžinerie Ekonomika-Engineering Economics*, 31(3), 270–281. <https://doi.org/10.5755/j01.ee.31.3.22715>
- Krzikalova, K., & Tosenovsky, F. (2020). Is the value added tax system sustainable? The case of the Czech and Slovak Republics. *Sustainability*, 12(12), Article 4925. <https://doi.org/10.3390/su12124925>
- Kubota, T., & Okuda, S. (2023). Relationship between top managers' interest in accounting information and accounting practices in startups. *International Journal of Accounting Information Systems*, 51, Article 100640. <https://doi.org/10.1016/j.accinf.2023.100640>
- Kulakowski, K. (2020). *Understanding the analytic hierarchy process*. Routledge. <https://doi.org/10.1201/b21817>
- Li, D., Lim, Y., & Morris, R. (2022). The impact of IFRS on the use of private debt covenants international evidence. *Journal of International Accounting Research*, 21(2), 125–150. <https://doi.org/10.2308/JIAR-2021-085>
- Li, F., Xie, L., & Ruan, Y. (2023). Tax-cut policies, accounting conservatism, and corporate tax burden stickiness: Empirical analysis from China. *Journal of Tax Reform*, 9(2), 197–216. <https://doi.org/10.15826/jtr.2023.9.2.137>
- Lin, S., Riccardi, W., & Wang, C. (2019). Relative effects of IFRS adoption and IFRS convergence on financial statement comparability. *Contemporary Accounting Research*, 36(2), 588–617. <https://doi.org/10.1111/1911-3846.12475>
- Matthews, K. (2021). Consequences of labor cost reduction practices: A structured literature review. *Accounting Perspectives*, 20(4), 687–718. <https://doi.org/10.1111/1911-3838.12276>
- Mhedhbi, K., & M. Essid, M. (2022). National cultural dimensions and adoption of the international financial reporting standard (IFRS) for small and medium-sized entities (SMEs). *International Journal of Accounting*, 57(1), Article 22500044. <https://doi.org/10.1142/S1094406022500044>
- Ministry of Finance of the Czech Republic. (2021). Ratingové hodnocení ČR dle jednotlivých agentur aktuální stav [Rating of the Czech Republic by individual agencies current status]. https://www.mfcr.cz/assets/cs/media/2021-02-05_Ratingove-hodnoceni-CR-dle-jednotlivych-agentur.png
- Moore, D. (2020). *Statistics: Concepts and controversies* (10th ed.). Macmillan.
- Na, W. (2011). Research on the application and development prospects of accounting. In M. Dai (Ed.), *Innovative computing and information: Vol. 231. Communications in computer and information science* (pp. 233–237). Springer. https://doi.org/10.1007/978-3-642-23993-9_34
- Nam, J., & Thomson, R. (2023). Does financial statement comparability facilitate SEC oversight? *Contemporary Accounting Research*, 40(2), 1315–1349. <https://doi.org/10.1111/1911-3846.12835>
- Neisen, M., & Schulte-Mattler, H. (2021). The effectiveness of IFRS 9 transitional provisions in limiting the potential impact of COVID-19 on banks. *Journal of Banking Regulation*, 22, 342–351. <https://doi.org/10.1057/s41261-021-00151-7>
- Nobes, C., & Zeff, A. (2016). Have Canada, Japan and Switzerland adopted IFRS? *Australian Accounting Review*, 26(3), 284–290. <https://doi.org/10.1111/auar.12131>
- Obradović, V., Čupić, M., & Dimitrijević, D. (2018). Application of international financial reporting standards in the transition economy of Serbia. *Australian Accounting Review*, 28(1), 48–60. <https://doi.org/10.1111/auar.12187>

- Opore, S., Houque, M., & Zijil, T. (2021). Meta-analysis of the impact of adoption of IFRS on financial reporting comparability, market liquidity, and cost of capital. *Abacus – A Journal of Accounting Finance and Business Studies*, 57(3), 502–556. <https://doi.org/10.1111/abac.12237>
- Owais, W. A., & Dahiyat, A. A. (2021). Readiness and challenges for applying IFRS 17 (insurance contracts): The case of Jordanian insurance companies. *Journal of Asian Finance Economics and Business*, 8(3), 277–286. <https://doi.org/10.13106/jafeb.2021.vol8.no3.0277>
- Paseková, M., Kramná, E., Svitáková, B., & Dolejšová, M. (2019). Relationship between legislation and accounting errors from the point of view of business representatives in the Czech Republic. *Oeconomia Copernicana*, 10(1), 193–210. <https://doi.org/10.24136/oc.2019.010>
- Pavlat, O. (2021). The impact of economic crisis on cost structure configuration. *Economics and Business Letters*, 10(1), 87–94. <https://doi.org/10.17811/eb.10.1.2021>
- Pawsey, N. (2017). IFRS adoption: A costly change that keeps on costing. *Accounting Forum*, 41(2), 116–131. <https://doi.org/10.1016/j.accfor.2017.02.002>
- Pechancová, V., Pavelková, D., & Saha, P. (2022). Community renewable energy in the Czech Republic: Value proposition perspective. *Frontiers in Energy Research*, 10. <https://doi.org/10.3389/fenrg.2022.821706>
- Pohoda. (n.d.). *Ceník programu pohoda*. <https://www.stormware.cz/pohoda/cenik.aspx>
- Rosmianingrum, A., Mohammed, N. F., Bujang, I., & Leo, L. (2023). IFRS adoption, stock price synchronicity and firm-specific information in Indonesia stock market. *Cogent Business & Management*, 10(1), Article 2170520. <https://doi.org/10.1080/23311975.2023.2170520>
- Sanchez, F., Giner, B., & Gill-de-Albornos, B. (2023). The decision to present comparative financial statements in a mandatory IFRS adoption setting. *Baltic Journal of Management*, 18(3), 350–365. <https://doi.org/10.1108/BJM-03-2022-0090>
- Soam, S. K., Rao, S., Yashavanth, B. S., Balasani, R., Rakesh, S., Marwaha, S., Kumar, P., & Agrawal, R. C. (2023). AHP analyser: A decision-making tool for prioritizing climate change mitigation options and forest management. *Frontiers in Environmental Science*, 10. <https://doi.org/10.3389/fenvs.2022.1099996>
- Song, X., & Trimble, M. (2022). The historical and current status of global IFRS adoption: Obstacles and opportunities for researchers. *International Journal of Accounting*, 57(2), Article 22500019. <https://doi.org/10.1142/S1094406022500019>
- Stofková, J., Krejnus, M., Stofková, K. R., Melega, P., & Binasova, V. (2022). Use of the analytic hierarchy process and selected methods in the managerial decision-making process in the context of sustainable development. *Sustainability*, 14(18), Article 11546. <https://doi.org/10.3390/su141811546>
- Tanchev, S. (2022). Determinants of the proportional income tax revenue: A comparative assessment of Russia and Bulgaria. *Journal of Tax Reform*, 8(1), 54–68. <https://doi.org/10.15826/jtr.2022.8.1.108>
- Vox. (n.d.). *International accounting standards*. Retrieved January 2, 2023 from <https://vox.cz/kategorie/kurzy-a-seminare/danove-a-ucetni-kurzy/mezinarodni-ucetni-standardy/>
- Yaser Saleh, Q., Barakat Al-Nimer, M., & Abbadi, S. S. (2023). The quality of cost accounting systems in manufacturing firms: A literature review. *Cogent Business & Management*, 10(1). <https://doi.org/10.1080/23311975.2023.2209980>

APPENDIX

Questionnaire in the survey

Use the scale to express the importance of the criteria listed. Fill in the values in the highlighted fields.

- C₁ – Costs.
- C₂ – Demandingness on understanding of accounting information.
- C₃ – The possibility of trading on world stock exchange.
- C₄ – Complexity of accounting.
- C₅ – Quality and credibility of accounting.

For evaluation, use the scale from 1 to 9 points in table below. If the second criterion is important than the first use the inverted value (scale from 1/9 to 1 point).

Number of points	Descriptor
1	The criteria are equally important.
3	The first criterion is moderate important than the second.
5	The first criterion is strong important than the second
7	The first criterion is very strong important than the second
9	The first criterion is extremely important than the second

A pair of criteria		A pair of criteria		A pair of criteria	
$C_1 - C_2$		$C_2 - C_3$		$C_3 - C_4$	
$C_1 - C_3$		$C_2 - C_4$		$C_3 - C_5$	
$C_1 - C_4$		$C_2 - C_5$		$C_4 - C_5$	
$C_1 - C_5$					

Using the scale shown in table express the importance of the sub-criteria for the main criteria C_1 , C_2 , C_4 and C_5 .

For the criterion C_1 – Costs: K_1 – Labour costs, K_2 – Cost of training and education, K_3 – cost of accounting software, K_4 – other costs.

A pair of sub-criteria		A pair of sub-criteria		A pair of sub-criteria	
$K_1 - K_2$		$K_1 - K_4$		$K_2 - K_4$	
$K_1 - K_3$		$K_2 - K_3$		$K_3 - K_4$	

The criterion C_2 – Demandingness on understanding of accounting information has two sub-criteria – User's perspective (K_5), and Management's perspective – K_6 .

A pair of sub-criteria	
$K_5 - K_6$	

The criterion C_4 – Complexity of accounting has sub-criteria: K_7 – Complexity in accounting process, K_8 – Complexity in process of preparing financial statements a K_9 – Complexity during preparing of tax return.

A pair of sub-criteria		A pair of sub-criteria		A pair of sub-criteria	
$K_7 - K_8$		$K_8 - K_9$		$K_7 - K_9$	

The criterion C_5 – Quality and credibility of accounting four sub-criteria: quality and credibility is evaluated from owners' perspective (K_{10}), state perspective (K_{11}), shareholder perspective (K_{12}) and investor's perspective (K_{13}).

A pair of sub-criteria		A pair of sub-criteria		A pair of sub-criteria	
$K_{10} - K_{11}$		$K_{10} - K_{13}$		$K_{11} - K_{13}$	
$K_{10} - K_{12}$		$K_{11} - K_{12}$		$K_{12} - K_{13}$	