

## ABSTRACT

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### **“Detecting Financial Reporting Misconducts with Financial and Non-Financial Ratios. A Case of Polish Capital Market”**

This dissertation aimed to develop a logistic regression model to detect Financial Reporting Misconduct (FRM) in the Polish Regulated Market, utilizing both financial and non-financial indicators from publicly available sources. The study addresses the specific challenges of Poland’s economic and regulatory environment, filling a gap in FRM detection research in the Central and Eastern Europe region. Poland's Capital Market Development Strategy emphasizes the importance of restoring trust and enhancing reporting standards, critical for global competitiveness and market development. The research draws on established literature that identifies both financial and non-financial red flags as essential for detecting FRM, which poses significant challenges for detection. These indicators, often symptoms of fraud, can signal FRM risk, enabling statistical models to predict fraud effectively. Key significant variables emerging from the model include Restatements, Financial Distress Proceedings, Incidence of Financial Statement Divergence, Negative Cash Flow from Investing and Operating Activities, Average Litigation Costs, Supervisory Board Size, Tangible Book Value per Share, and ESG GPW Respect Index. The logistic regression model's predictive power was high, with sensitivity at 90.91% and specificity at 99.44%. The study integrates both financial and non-financial indicators, underlining the importance of non-financial variables often overlooked in traditional models. Additionally, the SQL-based relational database created for this research enhanced the model’s quality by enabling structured data analysis. The dissertation provides a critical step forward in understanding and detecting FRM in Poland, contributing to both academic literature and practical applications, becoming a support tool for various stakeholders, including supervisory institutions, enforcement agencies, professional market participants, and investors.