Analysis of Global Performances for the Companies listed on Bucharest Stock Exchange: A Sectorial Perspective

Achim Monica Violeta[1]*, Borlea Nicolae Sorin[2], Mare Codruța[3]

[1)3)] Babeş-Bolyai University, Faculty of Economics and Business Administration, Cluj-Napoca, Romania
[2] West Vasile Goldiş University, Faculty of Economics, Arad, Romania

Abstract

In the current context of sustainable development performance means not only to create profit at any cost but to create profits without affecting the interests of other participants in the business including without affecting the environment. Meanwhile corporate governance should ensure the achievement of these objectives by adopting the best corporate practices which means adopting a code of ethics for its own governance, transparency, including the transparency of the financial reporting, assuring independence of the members of the Board of Directors; assuring a balance between non-executive and executive members of the Board of Directors, the existence of advisory committees in governance etc. In this context, our research aims to analyze the global performances of Romanian companies on three main levels: a) financial performances; b) social and environmental performances; c) and corporate governance performances. Sample analysis is represented by 64 companies operating in various sectors of activity less financial sector. The companies are listed on the Bucharest Stock Exchange and the period of analysis is 2002-2013.

Keywords: financial indicators, corporate social responsibility, corporate governance, performance

JEL Classification: M14, M21, M42, M48

1. Introduction

Classical approach of performance concept, statuated by Milton Friedman (1970) reveals that maximizing the financial results for shareholders is the highest social responsibility of a company .
Under this approach, only the economical and financial results are the main goal for company's surviving. In the classical approach of business performance analysis of various faces of economical and financial activities are investigated, such as: liquidity, profitability, solvency or

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performances derived from the theory of value creation for shareholders such as economic value added, market value added (Petrescu, 2008 ,p. 281).

The complexity of the actual economic environment demonstrated over time that the financial models for the analysis the business performances have some shortcomings and do not reflect the real performance of a business. As Mironiuc (2009) highlights, "the contribution of the enterprise to sustainable development does not consist in what a responsible enterprise does with 1% of its profit, but more in how it obtains 99% of that profit. If, for example, the enterprise, through its goods/services exercises negative effects upon health and allocates 1% of the profit to the individuals to whom it caused side effects, its impact from the social responsibility point of view is negative".The profit stays the necessary condition for ensuring sustainable development, but the company wants transparency about how it is formed.

Elkington (1999) introduced the moderns concepts of performances namely The Triple Bottom Line (TBL) approach which are based on value creation not only for shareholder but for all the stakeholders, by considering three pillars: economic, social and environmental. Companies have to maximize theirs profit only under conditions of satisfying the interests for all participants in economic life (employee, suppliers, investors, creditors, manager, government) and in conditions of not affecting the environment. Maximizing the environment and social performance will assure a closer relathionship between company and stakeholders, strengthening the confidence and finally assuring a long term sustainability of companies.

2. Research design and methodology

Our research aims to analyze the global performances of Romanian companies on three main levels: a) financial performances; b) social and environmental performances; c) and corporate governance performances.

For these reasons we select the following main indicators which are representative for the business performances (Achim, 2010):

2.1 Indicators of financial performances

a) Return on Total Assets (ROA) is one of the most important rates of return (Robu, Anghel, Serban, 2014, p.358). The value of this ratio are firstly helpful for managers, by which „they appreciate the efficiency of using assets" (Siminică, 2009, p.177). It measures the return of capital invested determining as follow:

$$\mathbf{ROA} = \frac{\mathbf{Net\,results}}{\mathbf{Total\,assets}} \mathbf{x100}$$

The analysis of ROA has in view:
- The multiplicative model analysis of return on assets reveals that an increase in Net profit margin and Asset turnover are the main ways to increase ROA;
- Increasing ROA reflects an efficient management of resources controlled by the entity with implications for future growth in the value of the entity;

- Analyzing ROA involved some comparisons with averages of ROA by sectors of activity in which the company performed. For US industry, average of ROA is 3.8% (Brealey et al.,2006, p.790).

b) Return on Common Equity (ROE) reflects the efficiency of shareholders capital and the formula of calculation is:

$$ROE = \frac{Net\,results}{Sharehoder's\,equity} \, x100$$

Analysis of the rate of return on equity target the following:

- For shareholders / investors, an increase in this rate is an incentive for participation in the capital increase for both shareholders and investorsAnalyzing this rate, they will be able to assess "whether their investment is justified and will continue to support the contribution of new capital entity or waiver for a limited period to a share in dividends." (Buşe, 2005, p. 285).
- For managers, an increase in the return on capital of shareholders is also an objective to touch because, only in this way, they can maintain their position and are supported by shareholders for a future value creation.
- A comparison with averages fields of the return on equity is relevant to the assessment of the return of capital to shareholders. In this respect, we mention averages of ROE recorded for the American economy, namely 9.2% (Halpern, 1998,p.118), 15% (Brigham & Ehrhardt, 1999, p.87) as well as lower levels of 1.7% (Brealey et al., 2006, p. 790).
- Analyzing the multiplicative model analysis of ROE, we conclude that an increase in net margin profit, assets turnover and an increase in the asset financing from own resources are the main ways to increase ROE. As a result, any fluctuations in ROE can be explained by a factor analysis of the three factors in the model analysis, thus putting out the opportunities for increasing the financial return of shareholders.

c) Return on sales (ROS) or Net profit margin reflects net profit per 100 u.m. net turnover, thus expressing income contribution to strengthening self-financing capacity. It is determined as follows:

$$ROS = \frac{Net\,profit}{Turnover} \, x100$$

Analysis of Return on sales concerns:
- Increase in return on sales reflects an increasing in the commercial profitability and therefore ensuring the conditions for the future growth of the company's value.
- Analysis of these rates is highly sensitive to the nature of activity, company size, position in the sector and strategy adopted by it, at a time on a particular market.

- Some authors specify an industry averages of net margin of profit registered in the developed countries of 1.2% (Halpern et al., 1998, p. 119), 5% (Brigham & Ehrhardt, 1999, p. 87) or 6.5% (Brealey et al, 2006, p. 790).
- Even in terms of making comparisons with industry averages or sector average, analysis this ratio should be performed in a private entity-specific basis.

d) Current Liquidity(CL) or Current Ratio is the ability of current assets to meet current liabilities of the entity, determined with formula:

$$CL = \frac{Current\,assets}{Current\,liabilitie s} x100$$

Analysis of liquidity concerns:
- Liquidity indicators in general are in fact indicators of financial balance therefore this balance should not be considered static at one time, but dynamic;
- Given the above, it is considered as a favorable trend, one of increasing (both in absolute and relative forms);
- On the financial confidence interval of current liquidity ratio, the opinions differ as follows:
   - According to accounting regulations in force the rate of current liquidity will have to evolve around 200% ;
   - Average liquidity ratio for US industry is 140% (Brealey, 2006, p. 790);
   - A level of liquidity ratio below 100% means no ability to pay short-term or company's disinvestment. A high level of liquidity, which exceeds 200%, it is considered very good, but is associated with a poor management of current assets. (Lala-Popa, 2009, p. 104)
   - Therefore we consider that a financial confidence interval of current liquidity ratio of [150%,250%] is one able to maintain the financial balance of activity on short-term.

e) Flexibility ratio (FLEX) or Net working capital ratio reflects the share of net working capital in total assets.

$$FLEX = \frac{Net\,working\,capital}{Total\,assets} x100$$

 Analysis of flexibility ratio concerns:
- The ratio may reflect a short term equilibrium (when the value is positive), but an excessive amount of capital can simultaneously reflect a poor management of operating assets and liabilities. Therefore working capital ratio complements the informational value of working capital, providing a structural perception of its value compared to value of total assets.
- An increase in flexibility is expected as being favorable because it come to enhance the short term equilibrium;
- Regarding an optimum value of flexibility ratio, we can mention the average value of 5 % records in US (Brealey, 2006, p. 790).

f) Financial leverage ratio (LEV) or **Debt to Equity Ratio** shows the extent to which financial resources are provided from foreign capital.

$$LEV = \frac{Total\ debts}{Shareholder's\ equity} \times 100$$

In analyzing this ratio we consider the following:
• A downward trend of this indicator is desired;
• A maximum value of 200% is generally accepted; in other words, the value of total debts should be no more than two times higher than the shareholder's equity, otherwise the financial solvency is impaired.

g) Solvency ratio (SOLV) shows the extent in which total assets hold by entity can cover total debts. The indicator measures the security enjoyed by the company to the bank and creditors and is determined as follows:

$$SOLV = \frac{Total\ assets}{Total\ debts} \times 100$$

In analyzing this indicator we consider that:
• It is estimated favorable an upward trend of this ratio;
• On financial confidence interval of the solvency ratio, there is no universally accepted view, as follows:
  - Buşe (2005) considers that, in order to have a good solvency, total assets weigh twice the amount of debts;
  - Păvăloaia (2006) believes that the critical value of this ratio is 150%;
  - Popa Lala (2009), considers that the precautionary value of this rate is 300% -400%, as in the case of liquidation of the entity, the liquidation value of assets is less than the accounting value;
  - Bătrâncea et al. (2010) considers an optimal level of this indicator of 300% and a minimum acceptable level of 166%;
  - Buglea. (2011) considers, however, that the optimal level of this ratio range between 150% and 300%;
  - Based on the aforementioned investigations we consider that a financial confidence interval for solvency ratio of [150%, 300%] is suitable.

h) Assets turnover (TURN) shows the required number of rotations that total assets should do in order to achieve a certain level of net turnover:

$$TURN = \frac{Turnover}{Total\ assets}$$

Indicator can be also express by numbers of rotation days and in this case assets turnover reflects the theoretical duration (in days) for replace the whole assets by turnover.

Analysis of assets turnover consist in the following:

- Extracting the conclusions on the effectiveness of asset management by examining net turnover value that lies in a certain amount of assets;
- An increase of assets turnover reflects an increase in management efficiency;
- Regarding the presentation of an optimum value of assets turnover, it heavily depends on the sector in which the company operates;
    - Some authors consider that, in the industry, ensuring a minimum acceptable efficiency of assets requires 2 rotations (180 days). In commerce or services the rate is significantly shifted because of the law level of fixed assets (Buglea., 2011, p. 124);
    - For US industry, the average value of assets turnover is estimated at 0.89 rotations (410 days) (Brealey,2006, p.790), while about eight years ago this level was estimated at 2.5 rotations (146 days) (Halpern, 1998, p. 118).

i) Price to book ratio (PBR) is another important ratio because it indicates the value that that financial markets gives to the company's management. It is determined as the ratio between the market value of a share and the book value of a share, as follow:

$$PBR = \frac{Market\ price\ of\ a\ share}{Book\ value\ of\ a\ share} = \frac{Market\ capitalisation}{Book\ value\ of\ entity}$$

Analysis PBR must consider the following issues

- A well-managed entity with sufficient growth opportunities should have a market value greater or at least equal to the shareholder's equity. If the economy is in recession , the ratio is subunit even if the management team is good (Halpern et al., 1998, p.114).
- Generally speaking, the companies with a high return on equity and a significant rate of increase in profits and turnover from one period to another, report higher values of PBR (even more than 3) while those with lower rates of return and stability of turnover has a lower PBR.
- However, PBR is unnecessary to be calculated in the case of companies with negative equity as a result of successive loss (Robu, Anghel & Serban, 2014, p. 388).
- Various authors found some optimum levels of PBR for the industrial economies, expressed by an average of 0.9 times (Halpern, 1998, p.118), 1.6 times (Brealey et al., 2006, p.790) or 1.7 times (Brigham & Ehrhardt, 1999, p.87).

j) Tobin's Q rate (Tobin's Q) was developed by James Tobin, a professor at Yale University and Nobel laureate for economics. This ratio indicates that the market value of the company's assets (determined as the sum of market capitalization and the amount of company's debts) must be at least equal to the replacement cost of company assets. The formula of calculation is presented below:

$$Tobins'Q = \frac{Market\ capitalization + Total\ debts}{Total\ assets}$$

In the analysis and interpretation of Tobin's Q ratio the followings are considered:

- A reduced rate of Tobin's Q rate (between 0 and 1) reveals a replacement cost of assets higher than the total market value of the entity. This case reflects an undervalued market value, the company has a competitive disadvantage with special problems of image and management.
- A high rate of Tobin's Q (greater than 1) shows that the total market value of the entity is higher than the replacement cost of assets, reflecting an overvalued company's market value. In this case, company has a competitive advantage therefore an attraction for their shares exists.
- Regarding the aforementioned financial indicators, of great importance is the averages of sector in which the company operates and for this purpose, it is extremely useful the database provided by the professor Aswath Damodaran from Stern School of Business, New York University.[*]

2.2. Indicators of environment and social perfomance

Selecting the most representative indicators for social and environmental performance is not an easy task, is also a highly disputed process because they must correspond to some requirements such as: common accessibility, comparison, representation, clarity, cost-benefit report (Achim & Borlea 2013; Pintea 2011).

For our study, we choose to select as a proxy for social and environmental performance the extent to which the companies are involved in *corporate social responsibility (CSR) activities.* For this purpose, we use the last questions (the 51th one) within „Comply or Explain Statement" which is about corporate social responsibility. This question is formulated in a simple way, respectively, if the company performs or not the corporate social responsibility activities (according with principle no. 18 of BSE Code). The answer of the companies can be YES or NO and if it is NO then companies have to EXPLAIN. In order to evaluate this field we will give 1 point if the answer is YES – that is it performs social responsibility activities and 0 points for NO – that is it does not perform social responsibility activities.

The value of environmental and social performance indicators (ES) range between a minimum of 0 point and a maximum of 1 point.

2.3. Indicators of corporate governance perfomances

We attempt to develop a *corporate governance score* based on transparency and disclosure practices reflected by responses to the questions within "Comply or Explain Statement" (Achim & Borlea, 2014). We have reclassified the 51 questions contained in the "Comply or Explain Statement" into five main investigating areas as follows:

   i) Governance structure -G: 10 questions
   ii) Investor relations -I: 10 questions

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[*] at website http://people.stern.nyu.edu/adamodar/.

iii) Board and management -B: 20 questions
iv) Financial disclosure - F: 10 questions
v) Coporate social responsibility-(environmental and social actvities)-ES: one question.

At each of the questions, except the last one (about CSR) the companies answer with YES/NO/If NO then EXPLAINS. For our reason, in order to assess a corporate governance score, we will give 1 point for each answer with YES and 0 points for NO, resulting the CG score as follow (see Annex 1):

$$CG = \sum_{i=1}^{10} Gi + \sum_{i=1}^{10} Ii + \sum_{=1}^{20} Bi + \sum_{j=1}^{10} Fi \quad \text{where}$$

-CG is the corporate governance score for a company;
- Gi is the responses given to each questions referring to Governance structure area;
- Ii is the responses given to each questions referring to Investor relations area;
- Bi is the responses given to each questions referring to Board and management area;
- Fi is the responses given to each questions referring to Financial disclosure area.

The minimum governance score is 0 points and the maximum is 50 points (Achim & Borlea, 2014)

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3. Sample and data

We have in our sample 64 non-financial companies listed on Bucharest Stock Exchange (BSE) over the period 2002-2013. The companies operating in various sectors of activity, as follows:

Table 1: Structure of the companies sample

Sector of activity	No. of companies
Extractive industry	3
Manufacture of food products and beverages	2
Manufacture of paper, coke/refined, petroleum and chemical	4
Manufacture of pharmaceutical products	3
Manufacture of rubber and plastic products	5
Manufacture of non-metallic mineral products	5
Manufacture of basic metals and metallurgy	3
Manufacture of fabricated metals products	1
Manufacture of electronic products and electrical equipment	7
Manufacture of machinery and equipment, motor vehicle, traillers and other transport equipment	13
Electricity, gase, steam and air conditioning supply	2
Construction	5
Commerce	4
Transportation and storage	3
Accommodation and food service activities	4
Total	**64**

The financial data was collected from the companies' annual financial statements, between 2002 and 2013, which are available on the site of the Bucharest Stock Exchange (www.bvb.ro). As respects analyzing the social and environmental performances and also corporate governance performances, the required data are extracted from "Comply or Explain Statement", a document which are voluntarily report by the listed companies. In this statement, the companies are required to provide information about the extent in which they

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adopt best corporate practices according to Corporate Governance Code of Bucharest Stock Exchange. If the companies not report such a statement to Bucharest Stock Exchange, data source for our study are represented by information within annual rapport of directors or any other data which is posted on the companies' websites and helpful for our research' s objectives. For our study we use the available data provided by "Comply or Explain Statement" compiled for 2013.

4. Results and Discussion
4.1. Analysis of financial Performances

a) Return on assets
Regarding the mean values of ROA, by sectors of activity, compared on two periods (precrisis 2002-2007 and postcrisis 2008-2013), they are designed in the Graphic 1:

Graphic 1 Return on assets (ROA), in average, by sectors of activity
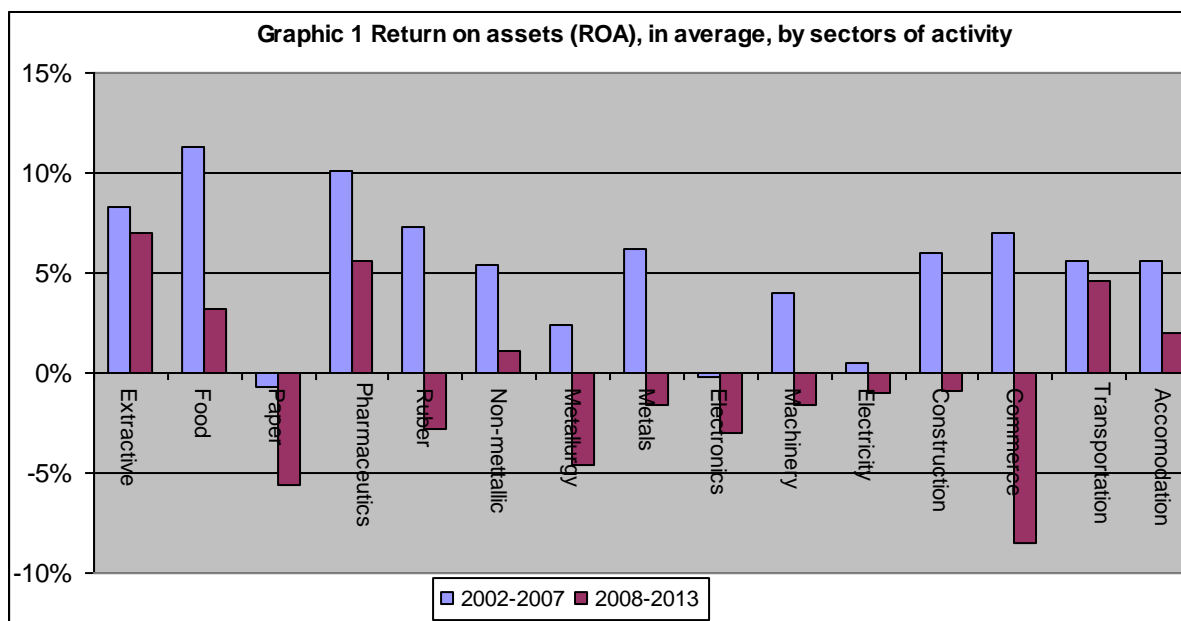
Maximum value of ROA in precrisis period reaches 10.10% for the Pharmaceutical sector, followed by Extractive with 8.34% and Commerce sector with 7%. Financial crisis has affected the profitability of all economic sectors, in term of return on assets. The most affected sector is Commerce (with an average ROA of -8.5%), followed by Paper (with the average ROA of -5.58%) and Metallurgy (with -4.63%).

b) Return on equity (ROE)
Graphic 2 reveals that Return on equity reflects very good value for Commerce, both for the precrisis period (of 23.46%) and post-crisis (of 3.72%) , registering an average of 13.59% over the entire period analyzed. The second place are occupied by Food sector (with 18.51% in precrisis period, 4.35% in poscrisis period, 11.43% on average over the entired time). 3rd was Extractive sector (14.02% in precrisis period, 8.96% in postcrisis period and 11.49% in average

over the entire period. The lowest ROE are registered by Electronics (with an overall average of 24%) and the most affected by the financial crisis are Paper and Rubber (which registered a value of ROE of about 40%).


Graphic 2 Return on equity (ROE) in average, by sectors of activity
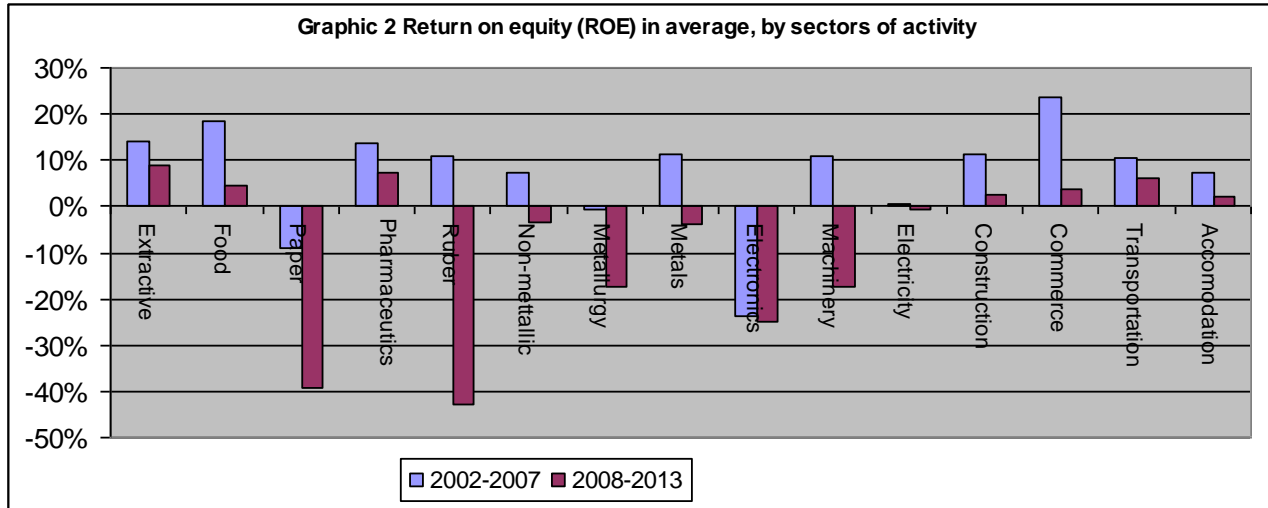
c) Return on sales (ROS)

In the Graph 3 we design the values of Return on sales in average by sectors, highlighting the comparisons pre and post crisis.

Graphic 3 Return on sales, in average, by sectors of activity
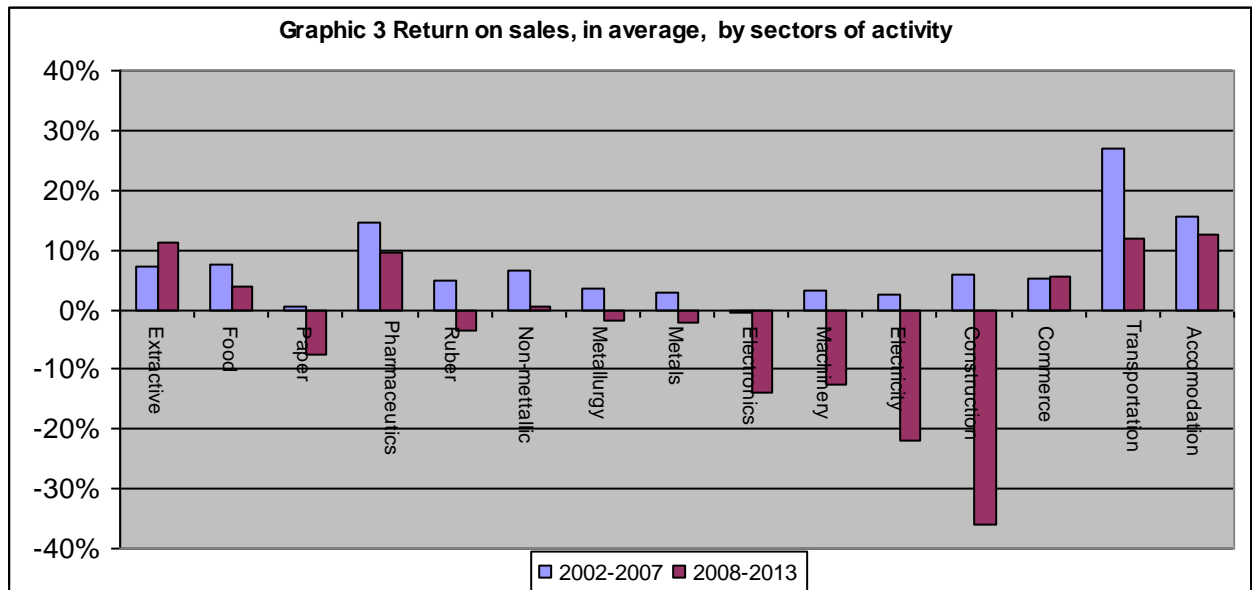
The maximum values of the Return on sales is recorded in Transportation, with an overall average of 19.41%, followed by Pharmaceutics (12%) and Extractive (9.22%). Conversely, Construction has a general average of ROS of -15.1% over the entire period. Construction sector was the most affected sector by the financial crisis, recording the minimum value ROE of -

36.11%. Sharp decline of ROS in the postcrisis period, are also registered by Electricity (-22%), Electronics (-14%) and Machinery (-12%). We note the significant increases recorded by Extractive sector in post-crisis period (from 7% in precrisis period to 11% in postcrisis period).

d) Current liquidity ratio

Graphic 4. Current liquidity ratio , in average, by sectors of activity
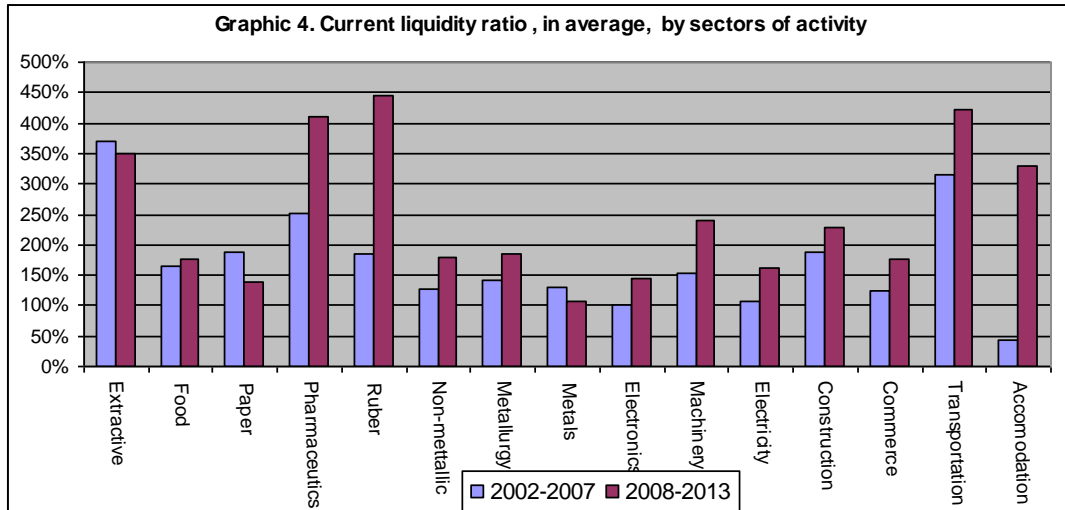
As seen in the Graphic 4 the best values of current liquidity, in average over the entire period are recorded by the companies in Transportation (367%), Extractive (360%) and Rubber (316%). At the opposite pole lies companies in Metals (118%) and Electonics (123%) which register current liquidity deficits below the minimum threshold of 150% (as specialist say). However, this indicator should be carefully analyzed, because high values may be caused by the accumulation of accounting receivables unpaid on term.Thereby, a correlative analysis of this indicator with indicators of cash flow is imperative in order to substantiate relevant results.

e) Flexibility ratio (FLEX)

Graphic 5 Flexilbility ratio (FLEX), in average, by sectors of activity
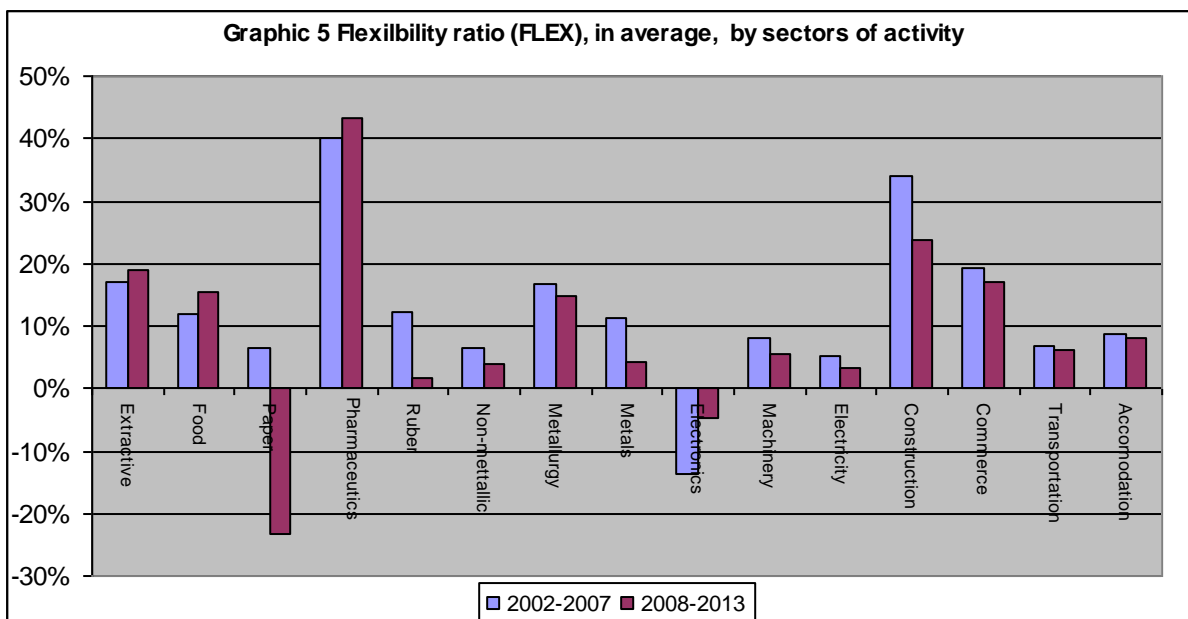
Graphic 5 reveals by far the greatest financial flexibility has Pharmaceutics sector (41%) followed by Construction (28%) and Extractive (18%). At the opposite pole, with negative values, Paper and Electronics (-9% and -8%) are situated, reflecting a negative working capital over the entire period and therefore big trouble to cover the current debts. Paper sector seems to be the most affected by the financial crisis, in terms of financial flexibility, the average indicator dropping sharply from 6% (in precrisis time) to -23% (in postcrisis time). The main cause consist in the poor state of Oltchim (OLT) which is, at the this time, even, in the insolvency procedure.

f) Leverage ratio (LEV)

According with Graph 6, on average the most heavily indebted companies are those acting in Construction (285%), Commerce (264%) and Metallurgy (210%). Opposite is the Rubber (-78%), followed by Accommodation (10%) and Transportation (26%).

Graphic 6 Financial leverage (LEV), in average, by sectors of activity
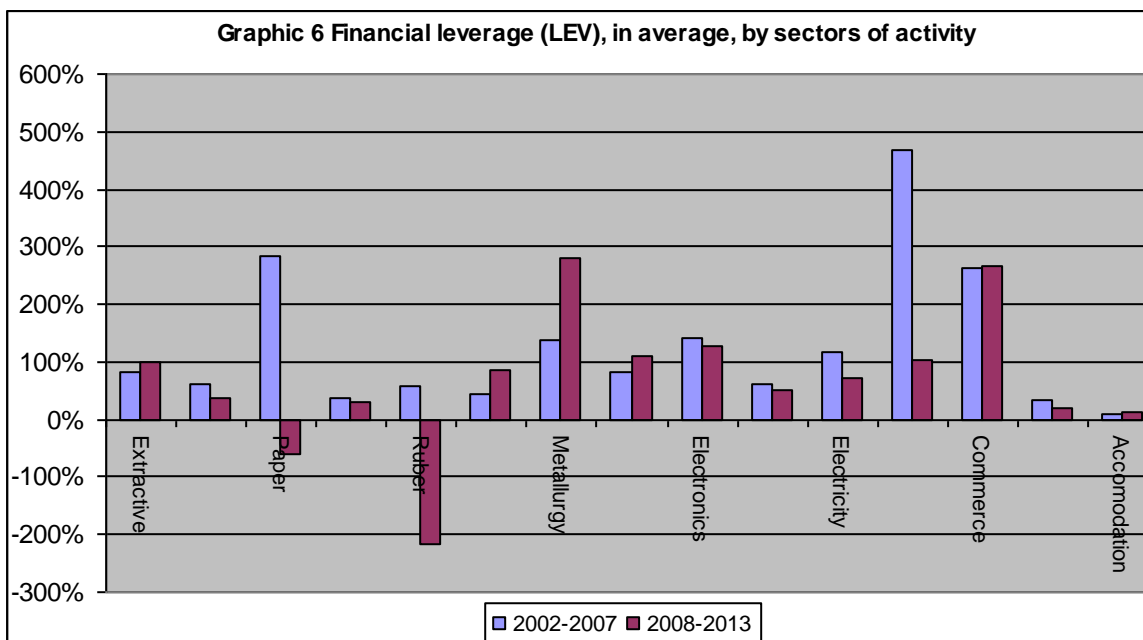
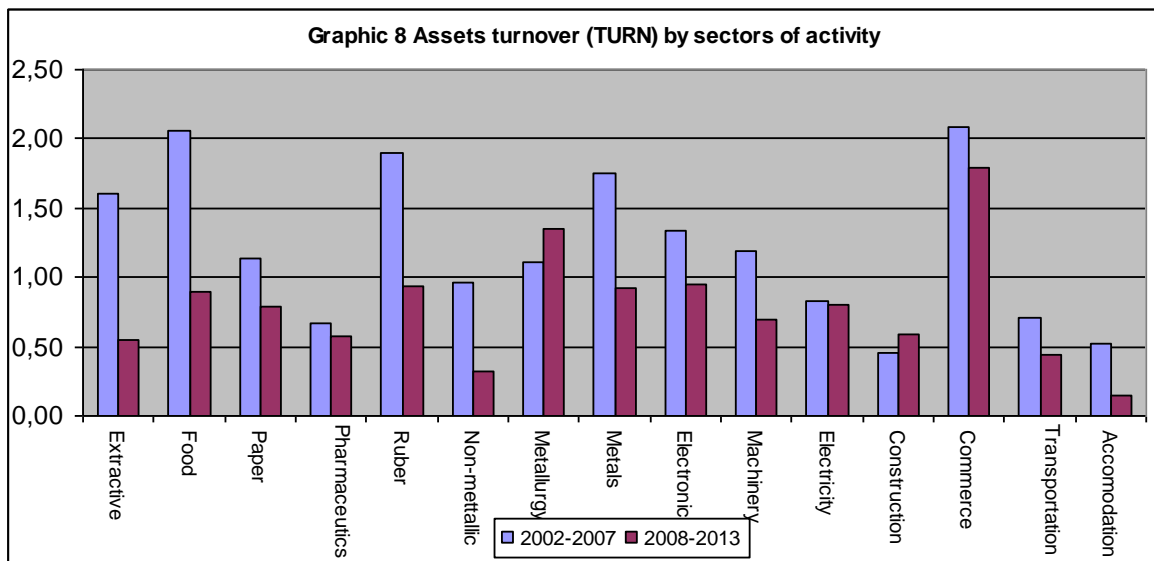### g) General solvency (SOLV)

According to Graphic 7, Accommodation sector stands out, by far, the highest solvency (1377%) in average, over the entire period 2002-2013. High level of solvency are also registered by Pharmaceutics (380%), Food and Transportation (303-304%). In contrast, the major problems of solvency are faced by Paper (129), Commerce (139%) and Construction (167%).

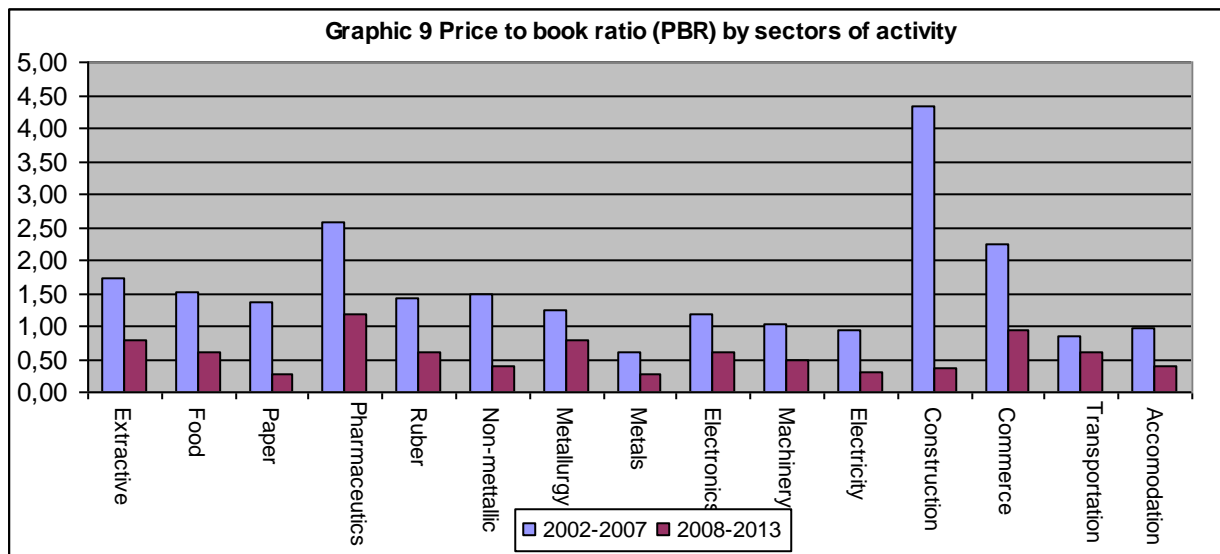**Graphic 7 Solvency ratios (SOLV, in average, by sectors of activity**
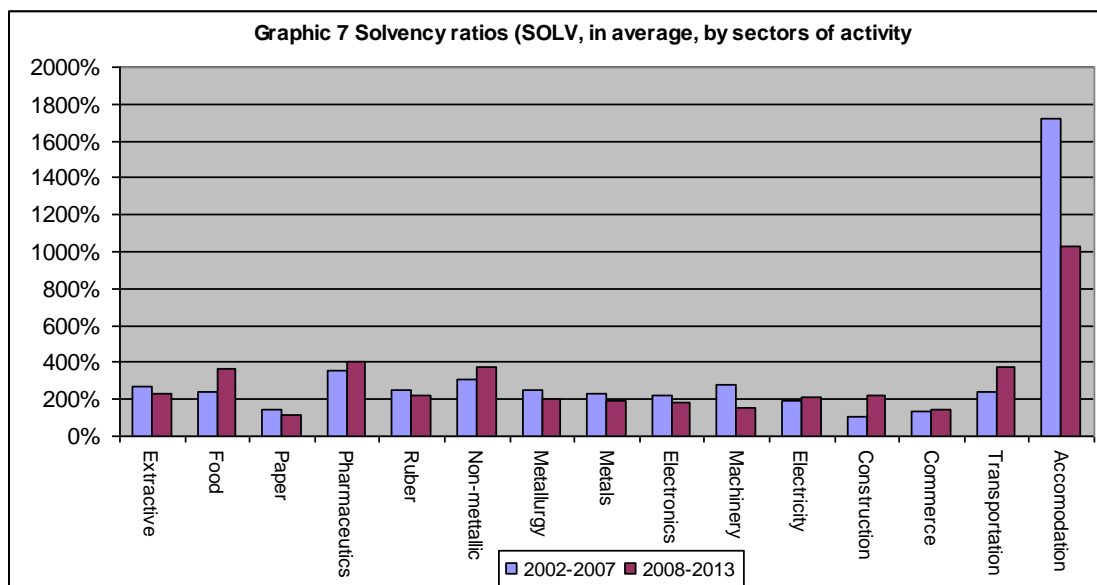
h) Assets turnover (TURN)

According with Graphic 8, Commerce sector records the best management of assets reflected as the average turnover for the whole period 2002-2013 (of 1.94 rotations), followed by Food

(1.48 rotations) and Rubber (1.41 rotations). In contrast, the most deficient management of assets stands in Accommodation (0.33 rotation), Construction (0.52) and Transportation (0.57).


Graphic 8 Assets turnover (TURN) by sectors of activity

i) Price to book ratio (PBR)

Graphic 9 Price to book ratio (PBR) by sectors of activity

According with Graphic 10, the maximum average of PBR are registered in Construction (2.36) followed by Pharmaceutics (1.87) and Commerce (1.6), reflecting very good reviews of the market value of the companies belong to these sectors. However, we notice the dramatic declines registered by these sectors, in postcrisis period. In contrast, there is Metals sectors (0.45), followed by Electricity (0.63) and Transportation (0.74) that are heavily undervalued in terms of the PBR ratio.

j) Tobin's Q

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As we can see in the Graphic 10, the best values of Tobin are registered by Pharmaceutics (1.66), followed by Construction (1.37) and Metallurgy (1.08). At the opposite pole lies Accommodation (0.31), followed by Transportation (0,5) and Non-metallic (0,52).
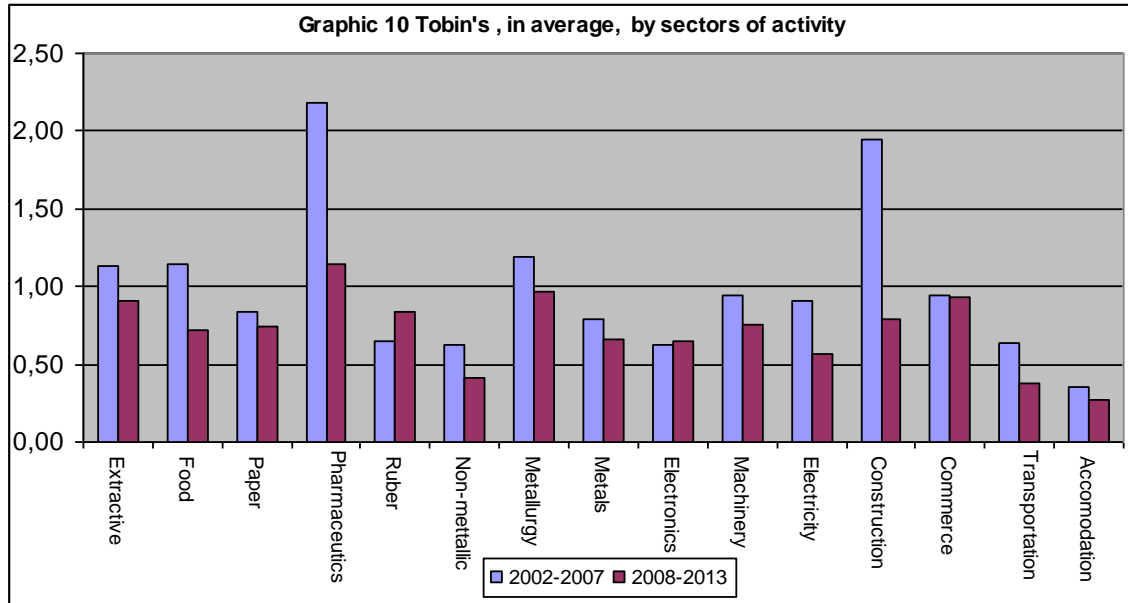
Hereinafter, we will proceed to rank these 15 sectors of activity, based on the aggregated financial performances, by using the formula:

$$Pk = \sum_{i=1}^{n} Pki$$

where,

Pk- consists in the points accumulated by each of the sector "k";

Pki – consist in the points given to the sector "k" according to the extend of achieved the financial criteria "i"; We will give maximum of 15 points for the optimum level achieved by the financial indicator 'i', and minimum of 1 point for the lowest level of indicator "i".

n- consists in the number of financial criteria (n=10 in our case)

Finally, the value of Pk score range between a minimum level of 10 points and a maximum level of 150 points. On the first place will be situated the sectors that gathers the highest number of points.

A top of sectors depending on the degree of achievement of financial criteria is designed in Graphic 11. We find that, on the first place is Pharmaceutics sector (gathered 127 points), followed by Food and Extractive (with 113 and 109 points). At the opposite, Electronics sector is placed with minimum of 42 gathered points, followed by Electricity (46 points) and Paper (50 points).

Graphic 11 Financial score by sectors
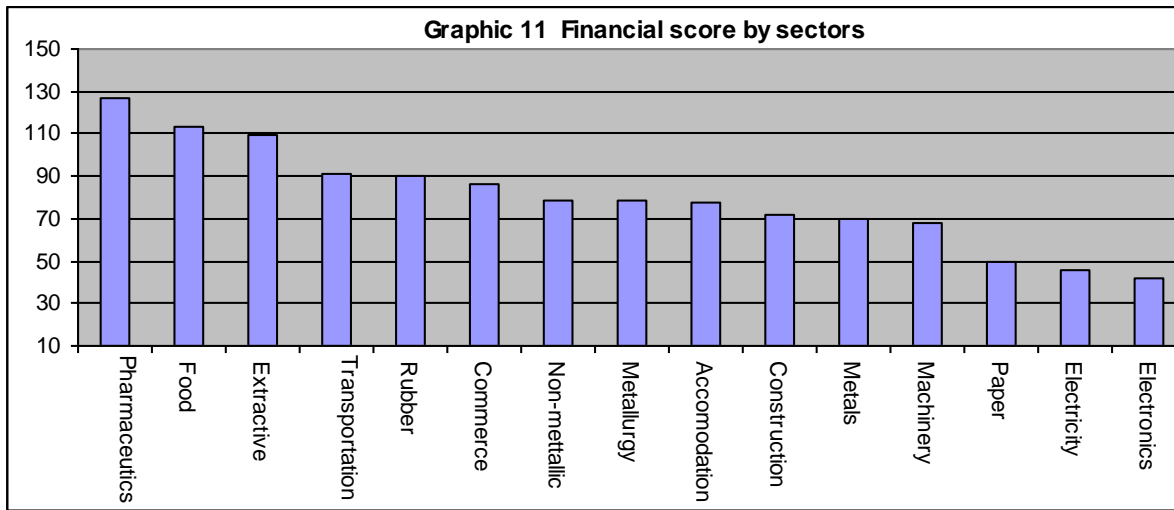
## 4.2. Analysis of environmental and social performances

According with data of 2013, the maximum value (1 point) of social and environmental performances are registered by companies which activate in Pharmaceutics, Food, Extractive, Metallurgy, Metals, Commerce and Transportation (see Graphic 12).Good values are registered also by the companies in Electronic sector (0,85 points, in average) folowed by Rubber, Non-metallic and Construction (0,8 points, in average). The fewest concerns in corporate social responsibility activity have the companies in Accommodation with only about 0,25 points.

Graphic 12 Environmental and social score by sectors
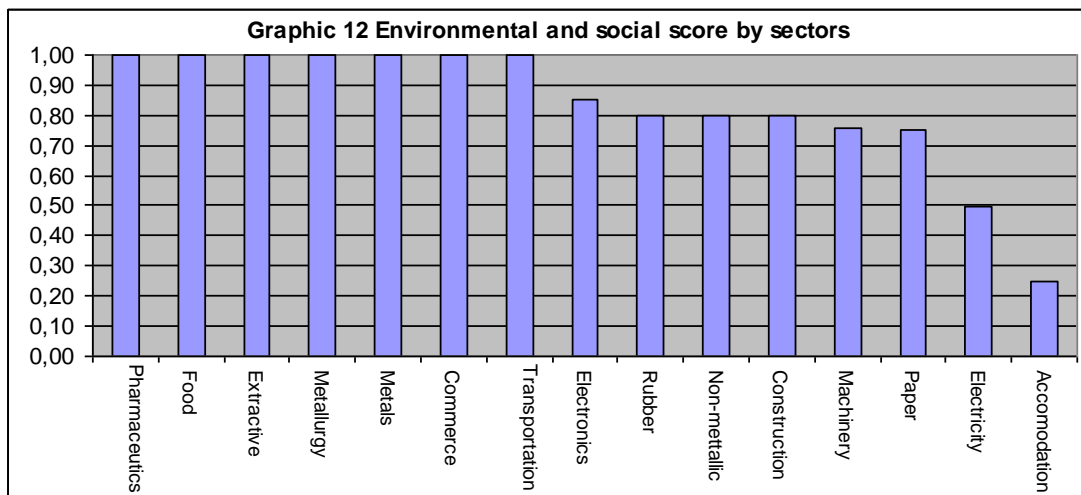
4.3 Analysis of corporate governance performances

For 2013, according with our results described in Graphic 13, the first place, with the highest score of corporate governance (42,33 points) are recorded by the companies in Pharmaceutics, reflecting these companies have adopted the highest percentage (84%) of the best corporate governance practices of BSE on 2013. On the second place are situated companies in Food sector (40 points) which adopted about 80,8 % of the best corporate practices of BSE.

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Transportation companies are placed at third place with 37,67 points. The very low scores of corporate governance are registered by Accommodation (17,67 points), followed by Electronics (24 points) and Non-metallic (25,8 points).

Graphic 13 Governance score by sector of activity
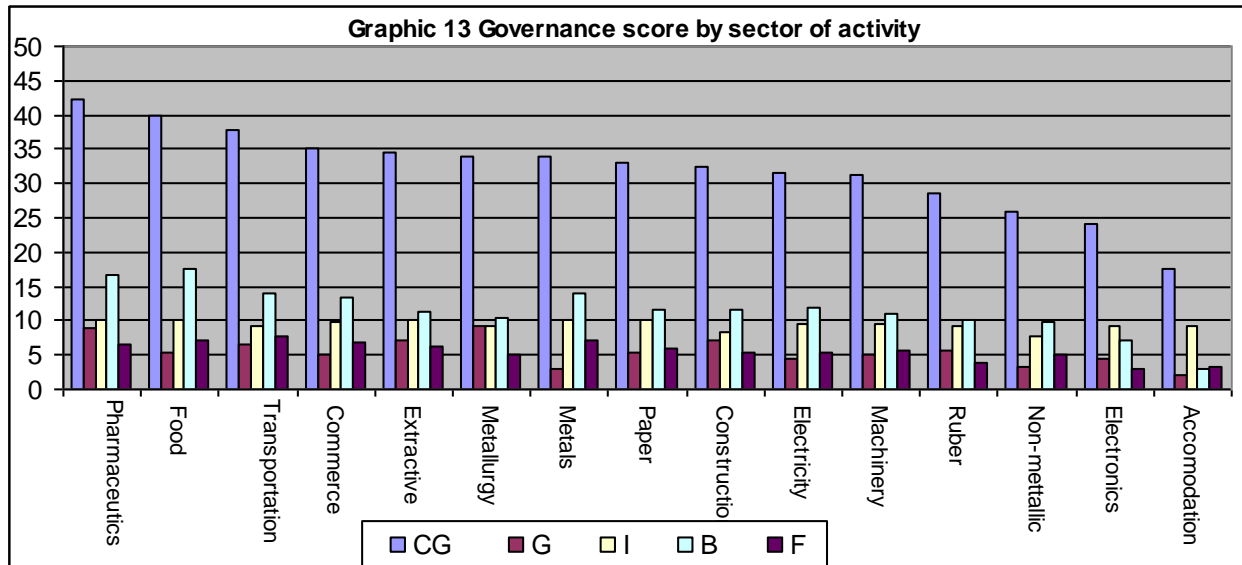
By components of corporate governance, Pharmaceutics sector registers the highest three maximal values (at "Governance structure", "Investor relations" and "Board and management") but "Financial disclosure" has certain deficiencies such as non-existing Audit Committee (for SCD and BIO). The biggest problems in "Governance structure" has Accommodation, Metals and Non-metallic (no reporting a "Comply or explain Statement", no Corporate Governance Code, no describing the corporate governance structures in annual reports). "Investor relations" are fairly well represented among the all companies and some problems are detected in Non-metallic (especially for CMCM company) and Construction (especially for ENP). At section "Board and management" the biggest problem are detected in Accommodation (which gathered only 3 points of maximum 20), Electronics (7,29 points of maximum 20). Here we don't identify advisory committee such as Nomination Committee, Remuneration Committee and the equilibrium between the executive and non-executive member of the Board is affected. "Financial transparency" is very affected in Electronics, Accommodation and Rubber (under 4 points of maximum 10). Most problems consist in non-reporting the English versions of financial statements or according with IFRS, no Audit Committee are faced, no meetings with brokers and financial analysts in order to disclose the relevant financial data etc.

5. Conclusions

Our research aims to analyze the global performances of Romanian companies on three main levels: a) financial performances; b) social and environmental performances; and c) corporate governance performances. Sample analysis consists in 64 companies operating in 15 various sectors of activity (less financial activities). The sample companies are listed on the Bucharest Stock Exchange and the period of analysis is 2002-2013.

Regarding evaluating the financial performances, ten main financial indicators are selected: Return on assets (ROA), Return on equity (ROE), Return on sales (ROS), Current liquidity ratio (CL), Flexibility ratio (FLEX), Leverage ratio (LEV), Solvency ratio (SOLV), Assets turnover (TURN), Price to book ratio (PBR) and Tobin's Q. The best financial performances are registered by the companies operate in Pharmaceutics sector (127 points), followed by Food (113 points) and Extractive (109 points). At the opposite, Electronics sector is placed with minimum of 42 gathered points, followed by Electricity (46 points) and Paper (50 points).

Regarding the social and environmental performances, the companies operate in Pharmaceutics, Food, Extractive, Metallurgy, Metals, Commerce and Transportation are the most concerned in corporate social responsibility activities for 2013. At the opposite, companies in Accommodation sector have the fewest concerns in this regard.

In terms of corporate governance performances, again the first two places are occupied by Pharmaceutic sector and Food sector with the highest percents of adopted the corporate governance practices of Bucharest Stock Exchange. Accommodation, again registers the very low score (of 17,67 points), followed by Electronics (24 points) and Non-metallic (25,8 points), reflecting a very low level of adopting the best corporate practices in their activities.

Among the limits of our research we can invoke the long and mixed period of research (2002-2013) including also the perturbation provoked by financial crisis. Therefore the use of financial indicators' means cannot be representative to substantiate clear results for the performances achieved by the companies which operate in these sectors. Future research will have to remove these limitations. Also, some correlations between financial performances and non-financial performances are welcome to study, especially since, as we note, some sectors are situated on the first places whatever category of performance is analyzed (e.g. Pharmaceutical, Extractive). Therefore, we can say our study also statues some empirical correlations as working hypotheses in order to be tested in the future research.

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