

FINANCIAL PERFORMANCE AND RISK DYNAMICS: EVIDENCE FROM BVB LISTED COMPANIES

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Abstract: *This study examines the relationship between financial performance and corporate risk among companies listed on the regulated market of the Bucharest Stock Exchange (BVB) between 2019 and 2024. The main objective is to evaluate the influence of bankruptcy risk indicators (Altman Z-score and Conan & Holder model), liquidity ratios (current ratio and quick ratio), financial leverage, and stock returns on financial performance, as measured by return on assets (ROA) and return on equity (ROE). The methodological framework incorporates distribution analysis and correlation analysis using Pearson, Spearman and Kendall coefficients, as well as linear regression models to evaluate the explanatory power of risk and liquidity indicators on financial performance. The results suggest that ROA is more closely linked to fundamental financial conditions than ROE, as it exhibits stronger and more consistent relationships with financial stability and liquidity indicators. In contrast, ROE appears less predictable, reflecting the influence of firm-specific financial policies. Regression analysis reveals moderate explanatory power, with significant relationships emerging only during specific periods, particularly in the post-pandemic context. Furthermore, stock returns demonstrate weak and unstable connections with accounting performance, emphasising the impact of market inefficiencies. Overall, the findings emphasise the dynamic and context-dependent nature of the relationship between performance and risk in an emerging market environment.*

Key words: *Financial performance, Bankruptcy risk, Liquidity, BVB, Linear regression, Correlation analysis*

JEL: G32, G33, G30.

Introduction

The relationship between financial performance and corporate risk is a central topic in financial theory and practice, and is essential for understanding the mechanisms that determine firm value and investor behavior. Classic performance indicators, such as Return on Equity (ROE) and Return on Assets (ROA), are widely used to assess the efficiency of capital and asset utilization, but their ability to explain stock market returns and reflect companies' actual risk remains a hotly debated topic in the literature. In the context of emerging markets, this relationship becomes even more complex, as macroeconomic factors, low liquidity, and information imperfections can amplify the discrepancies between accounting and market performance. Empirical studies show that profitability indicators are positively correlated with market value and stock returns, but this relationship is significantly influenced by the level of financial risk and the stability of the company (Arkan, 2016). In this context, bankruptcy prediction models, such as the Altman Z-score and the Conan and Holder score, play a crucial role in corporate risk assessment. The literature highlights that these models are not only early warning tools but also relevant indicators of financial performance and long-term stability (Ogachi et al., 2020). Furthermore, liquidity indicators and capital structure significantly influence firm performance. Empirical studies indicate the existence of a complex relationship between liquidity and profitability, where high levels of liquidity can reduce the efficiency of resource utilization, while excessive financial leverage can amplify the risk of bankruptcy (Musah & Kong, 2019; Akhtar et al., 2022).

Regarding the relationship between financial performance and stock returns, research shows that accounting indicators such as ROE and ROA can positively influence stock returns, but this relationship is mediated by factors such as firm size, liquidity, and risk perceived by investors (Chabachib & Setyaningrum, 2020).

In the case of Romania, the capital market exhibits characteristics specific to an emerging economy, characterized by a relatively small number of listed companies, limited liquidity, and high sensitivity to external factors. These characteristics make the analysis of the relationship between performance, risk, and stock market returns particularly relevant, offering important insights into market efficiency and investor behavior.

Therefore, the objective of this study is to analyze the relationship between financial performance (ROE, ROA), corporate risk (Altman Z-score, Conan and Holder score, liquidity, and financial leverage), and stock market returns for a sample of 50 companies listed on the Bucharest Stock Exchange. The study aims to highlight both the strength and the direction of these relationships using robust statistical methods and to contribute to the understanding of the mechanisms that determine financial performance in an emerging market context.

Basic content.

Analysis of the distribution of indicators

To highlight the dynamics of financial performance and corporate risk among companies listed on the Bucharest Stock Exchange, the analysis was expanded to examine the distribution of firms across relevant intervals of key indicators over the 2019–2024 period. This approach allows not only for the observation of average values but also for an understanding of the internal structure of the sample and the degree of polarization of performance and risk.

Regarding **return on assets (ROA)**, the distribution of firms indicates a persistent concentration in the lower range, namely 0%–5%, where the majority of companies are found in all the years analyzed. This structure suggests a moderate level of efficiency in the use of assets, typical of emerging markets. At the same time, there was an increase in the number of companies with negative ROA in 2020, amid the economic shock caused by the COVID-19 pandemic, followed by relative stabilization in the subsequent period. The segment of high-performing firms (ROA > 15%) remains small in size but shows a slight upward trend in the post-pandemic years, indicating a gradual consolidation of high-performing companies.

Table 1. Distribution of Companies by Financial Performance Indicators

Indicator	Interval	2019	2020	2021	2022	2023	2024
ROA	<0%	10	16	12	9	13	12
ROA	0%<x<5%	25	19	19	20	18	20
ROA	5%<x<15%	13	13	15	15	14	13
ROA	>15%	2	2	4	6	5	5
ROE	<0%	8	14	11	10	12	13
ROE	0%<x<15%	35	29	33	28	27	32
ROE	15%<x<20%	2	3	1	3	4	3
ROE	>20%	5	4	5	9	7	2
Stock returns	<-15%		18	7	13	11	16
Stock returns	-15%<x<0%		6	5	21	3	9
Stock returns	0%<x<15%		12	13	8	11	11
Stock returns	>15%		14	25	8	25	14

Source: Author's own calculations based on data processed in Microsoft Excel

A similar pattern is observed for **return on equity (ROE)**, where most firms fall within the 0%–15% range, suggesting moderate and relatively stable profitability. The increase in the number of companies with negative ROE in 2020 reflects the direct impact of the economic crisis on financial results, but the subsequent recovery indicates the firms' ability to adapt. Additionally, there is a notable decrease in the share of firms with very high ROE (>20%) in 2024, which may suggest a moderation of exceptional performance and a convergence toward more sustainable levels.

An analysis of **stock returns** highlights a high degree of volatility, characteristic of emerging markets. The distribution of firms across intervals shows significant fluctuations from one year to the next, without a clear pattern of stability. In 2021 and 2023, there is an increase in the number of companies with high returns (>15%), which may reflect periods of investment optimism, while in 2020 and 2022 the distribution is more dispersed, indicating uncertainty and heterogeneous market reactions. This variability suggests that stock market returns are not determined exclusively by financial performance, but also by external and behavioral factors.

In terms of bankruptcy risk as measured by the **Altman Z-score**, most companies consistently fall within the safe zone ($Z \geq 3$), which indicates, at the aggregate level, a relatively high degree of financial stability. However, the presence of a significant number of firms in the risk zone (<1.8) highlights the heterogeneity of the sample and the existence of structural vulnerabilities. The trend in this indicator suggests a slight deterioration in stability in recent years, as evidenced by the increase in the number of firms in the risk zones.

Table 2. Distribution of Companies by Financial Risk, Liquidity and Leverage Indicators

Indicator	Interval	2019	2020	2021	2022	2023	2024
Altman	<1.8	10	11	8	6	11	10
Altman	$1.8 \leq x < 2.7$	9	9	9	11	12	12
Altman	$2.7 \leq x < 3$	3	4	3	6	3	4
Altman	≥ 3	28	26	30	27	24	24
Conan & Holder	<-0.3	3	4	2	2	3	2
Conan & Holder	$-0.3 \leq x < 0.04$	14	18	14	10	15	15
Conan & Holder	$0.04 \leq x < 0.2$	30	24	28	34	28	28
Conan & Holder	≥ 0.2	3	4	6	4	4	5
Current Ratio	<1	10	12	9	8	9	13
Current Ratio	$1 \leq x < 1.5$	9	8	5	10	10	4
Current Ratio	$1.5 \leq x < 2$	6	5	9	6	6	4
Current Ratio	≥ 2	25	25	27	26	25	29
Quick Ratio	<0.5	9	7	6	10	9	13
Quick Ratio	$0.5 \leq x < 1$	15	14	13	10	13	10
Quick Ratio	$1 \leq x < 1.5$	4	8	9	10	7	8
Quick Ratio	≥ 1.5	22	21	22	20	21	19
Financial Leverage	<1		18	19	16	19	18
Financial Leverage	$1 \leq x < 2$		26	29	27	25	28
Financial Leverage	$2 \leq x < 3$		5	1	3	4	1
Financial Leverage	≥ 3		1	1	4	2	3

Source: Author's own calculations based on data processed in Microsoft Excel

The **Conan and Holder** indicator confirms this picture, with most companies concentrated in the 0.04–0.2 range, corresponding to an intermediate risk zone. The relatively small number of firms in the high-risk zone (<-0.3) suggests that, although vulnerabilities exist, they are not dominant across the entire sample.

The liquidity analysis reveals a relatively balanced profile of the companies. In the case of the **Current Ratio**, most firms fall within the upper range (≥ 2), indicating a good ability to cover short-term obligations. However, the increase in the number of companies with sub-unit liquidity (< 1) in 2024 may signal the emergence of financial strains in the recent economic context. A similar trend is observed for the **Quick Ratio**, where the distribution indicates a polarization between firms with high liquidity and those below the optimal threshold, suggesting different working capital management strategies.

In terms of **financial leverage**, most companies fall within the 1–2 range, reflecting a moderate use of debt. The small number of firms with very high leverage (≥ 3) indicates a cautious approach to debt financing, typical of an economic environment characterized by uncertainty. At the same time, the presence of a significant number of companies with sub-unit leverage (< 1) suggests a preference for equity financing, which can contribute to financial stability but may limit the leverage effect on profitability.

Overall, the distribution of indicators highlights a financial profile characterized by moderate performance, controlled risk, and a tendency toward prudence in financial policies. Although there are signs of post-pandemic improvement, the heterogeneity of results and the volatility of stock market returns indicate that the Romanian capital market remains influenced by structural and cyclical factors specific to emerging economies.

Analysis of the Correlations Between Performance and Risk

To explore the relationship between financial performance and corporate risk, correlations between profitability ratios (ROE and ROA) and variables related to risk, liquidity, and market performance were analyzed using Pearson, Spearman, and Kendall coefficients. The results highlight both structurally consistent relationships and significant year-over-year variations, characteristic of an emerging market.

In the case of ROE, the relationship with bankruptcy risk indicators is uneven but shows clear trends in certain periods. The correlation with the Altman Z-score is generally positive, particularly for non-parametric coefficients (Spearman and Kendall), where the values are frequently statistically significant. This result suggests that financially more stable firms tend to generate higher returns on equity, but this relationship is not always captured by the linear correlation (Pearson), indicating possible nonlinear relationships or the influence of outliers. The strengthening of this link in 2023–2024 reflects market maturation and a better correlation between stability and performance.

Table 3. Correlation Analysis between ROE and selected risk indicators

ROE vs	Indicator	2019	2020	2021	2022	2023	2024
Altman	Pearson's r	0.013	0.087	-0.077	-0.2	0.361*	0.031
Altman	Spearman's rho	0.375**	0.285*	0.325*	0.114	0.385**	0.471***
Altman	Kendall's Tau B	0.263**	0.197*	0.224*	0.084	0.288**	0.332***
Conan & Holder	Pearson's r	-0.073	-0.159	0.365**	0.042	0.084	0.560***
Conan & Holder	Spearman's rho	0.334*	0.153	0.077	0.223	0.476***	0.430**
Conan & Holder	Kendall's Tau B	0.235*	0.118	0.061	0.169	0.337***	0.310**
Current Ratio	Pearson's r	0.125	0.123	-0.048	0.107	0.336*	0.051
Current Ratio	Spearman's rho	0.354*	0.271	0.224	0.209	0.21	0.414**
Current Ratio	Kendall's Tau B	0.255**	0.193*	0.149	0.141	0.156	0.284**
Quick Ratio	Pearson's r	0.081	0.124	-0.065	0.098	0.369**	0.038
Quick Ratio	Spearman's rho	0.345*	0.248	0.214	0.316*	0.342*	0.500***
Quick Ratio	Kendall's Tau B	0.237*	0.174	0.146	0.228*	0.236*	0.359***
Fin. Leverage	Pearson's r		0.154	0.016	0.061	0.052	0.019
Fin. Leverage	Spearman's rho		0.373**	0.320*	0.443**	0.321*	0.325*
Fin. Leverage	Kendall's Tau B		0.227*	0.163	0.245*	0.131	0.164
Stock return	Pearson's r		0.194	0.007	-0.419**	0.302*	0.01
Stock return	Spearman's rho		0.163	0.361**	-0.071	0.24	0.198
Stock return	Kendall's Tau B		0.123	0.266**	-0.057	0.167	0.14

Source: Author's own calculations using Jamovi software; data processed and organized in Microsoft Excel

The relationship between ROE and the Conan & Holder score has become more pronounced in recent years, particularly in 2023 and 2024, when all three types of correlations indicate positive and significant values. This trend suggests that alternative bankruptcy risk indicators are beginning to better capture companies' financial reality, providing a complementary view to the Altman model.

Regarding liquidity, both the Current Ratio and the Quick Ratio show positive but moderate correlations with ROE. These relationships are more evident in the Spearman and Kendall analyses, suggesting that firms with a better liquidity position tend to have superior performance as well, though this relationship is not a strong one. In recent years, particularly in 2024, the strengthening of correlations may indicate an increase in the importance of liquidity in a more uncertain economic context.

In contrast, financial leverage shows a weak relationship with ROE in the case of the Pearson coefficient, but becomes moderately positive in the case of the nonparametric coefficients. This result suggests that the use of debt can contribute to an increase in return on equity, but the effect depends on the specific structure of the firms and is not uniform across the entire sample.

The relationship between ROE and stock returns is characterized by high volatility and the absence of a stable pattern. Although there are episodes of positive correlation, these are inconsistent, and in certain periods, significant negative correlations even emerge (e.g., 2022 in the case of Pearson). This result suggests that, in the Romanian capital market, stock returns are not determined exclusively by accounting performance, but are also influenced by external factors, such as investor sentiment or macroeconomic conditions.

In the case of ROA, the results are more consistent and indicate stronger relationships with risk and liquidity indicators. The correlation with the Altman Z-score is consistently positive and significant for all methods, particularly for the Spearman and Kendall coefficients, where the values are high throughout the entire period analyzed. This result confirms that the efficiency of asset utilization is closely linked to the financial stability of companies.

Table 4. Correlation Analysis between ROA and selected risk indicators

ROA vs	Indicator	2019	2020	2021	2022	2023	2024
Altman	Pearson's r	0.106	0.18	0.063	0.333*	0.537***	0.076
Altman	Spearman's rho	0.624***	0.484***	0.518***	0.428**	0.581***	0.510***
Altman	Kendall's Tau B	0.443***	0.344***	0.375***	0.314**	0.440***	0.381***
Conan & Holder	Pearson's r	0.422**	0.350*	-0.024	-0.007	0.089	0.032
Conan & Holder	Spearman's rho	0.559***	0.357*	-0.004	0.045	0.448**	0.350*
Conan & Holder	Kendall's Tau B	0.389***	0.256**	0.012	0.04	0.326***	0.278**
Current Ratio	Pearson's r	0.334*	0.272	-0.111	-0.03	0.510***	0.109
Current Ratio	Spearman's rho	0.605***	0.480***	0.237	0.219	0.333*	0.443**
Current Ratio	Kendall's Tau B	0.431***	0.337***	0.172	0.153	0.252**	0.307**
Quick Ratio	Pearson's r	0.251	0.252	-0.103	-0.037	0.546***	0.106
Quick Ratio	Spearman's rho	0.538***	0.424**	0.327*	0.300*	0.455**	0.545***
Quick Ratio	Kendall's Tau B	0.394***	0.282**	0.231*	0.226*	0.339***	0.392***
Fin. Leverage	Pearson's r		0.117	-0.002	0.026	0.052	-0.023
Fin. Leverage	Spearman's rho		0.422**	0.379**	0.444**	0.344*	0.359*
Fin. Leverage	Kendall's Tau B		0.253**	0.183	0.237*	0.13	0.19
Stock return	Pearson's r		0.330*	0.192	0.941***	0.389**	-0.176
Stock return	Spearman's rho		0.178	0.421**	0.087	0.281*	0.168
Stock return	Kendall's Tau B		0.131	0.314**	0.052	0.202*	0.125

Source: Author's own calculations using Jamovi software; data processed and organized in Microsoft Excel

The relationship with the Conan & Holder score is also positive, but less stable over time, with significant values particularly in the first and last years of the analyzed period. This variation suggests that the sensitivity of the ROA indicator to bankruptcy risk depends on the economic context and the sectoral structure of the companies.

Liquidity ratios show positive and relatively strong correlations with ROA, particularly in the case of the Spearman coefficient. This result indicates that firms that manage working capital efficiently tend to use total assets more efficiently as well, generating higher returns. At the same time, this relationship has become more pronounced in recent years, suggesting an increase in the importance of liquidity in the post-pandemic economic context.

Similarly, financial leverage shows a moderate positive relationship with ROA in the nonparametric analysis, which may indicate that an optimal level of debt contributes to more efficient asset utilization without generating excessive risks.

Regarding the relationship between ROA and stock returns, the results are mixed and, in some cases, extreme, such as the very high Pearson coefficient in 2022. This anomaly suggests the presence of outliers or exceptional market events that distort the linear relationship. Overall, the correlations remain moderate and unstable, confirming that the market does not directly reflect firms' accounting performance.

Overall, the correlation analysis highlights that ROA is more closely linked to financial stability and liquidity than ROE, suggesting that operational efficiency is a more robust determinant of performance than return on equity. At the same time, the weak and volatile relationship between accounting indicators and stock market returns confirms the specific nature of an emerging market, where information transmission mechanisms are imperfect and investor behavior plays a significant role.

Analysis of Linear Regressions – Determinants of Financial Performance

To assess the explanatory power of risk and liquidity indicators on financial performance, linear regression models were estimated with ROA and ROE as dependent variables. The results highlight significant differences between the two dimensions of performance, both in terms of the relevance of the explanatory variables and the strength of the models.

In the case of **ROA**, the models exhibit moderate explanatory power, with values of the coefficient of determination (R^2) ranging from 0.02 to 0.328. It is noteworthy that the years 2019, 2022, and 2023 yield the most robust models, suggesting that during these periods, the companies' operational performance was better explained by the included variables.

Among the indicators analyzed, the Altman Z-score becomes relevant only in 2022, where the coefficient is positive and statistically significant, and the standardized coefficient value indicates a moderate impact on ROA. This result suggests that, in a more stable post-pandemic economic context, the risk of bankruptcy begins to directly influence the efficiency of asset utilization. For the remainder of the period, the influence of this indicator remains insignificant, indicating a context-dependent relationship.

Table 5. Determinants of ROA: Linear Regression Results

ROA vs	Indicator	2019	2020	2021	2022	2023	2024
Altman	Estimate	0.000	-0.001	0.001	0.051	0.002	0.000
Altman	Stand. Estimate	-0.106	-0.111	0.051	0.564	0.248	-0.062
Altman	p	0.652	0.652	0.747	0.001	0.399	0.832
Conan & Holder	Estimate	0.183	0.087	0.008	0.004	0.002	0.002
Conan & Holder	Stand. Estimate	0.366	0.339	0.941	0.029	0.074	0.019
Conan & Holder	p	0.009	0.019	0.012	0.831	0.552	0.902
Current Ratio	Estimate	0.007	0.001	-0.008	0.051	-0.014	0.001
Current Ratio	Stand. Estimate	0.473	0.069	-0.722	1.891	-0.621	0.224
Current Ratio	p	0.148	0.880	0.658	0.035	0.309	0.815
Quick Ratio	Estimate	-0.003	0.005	0.008	-0.093	0.022	0.000
Quick Ratio	Stand. Estimate	-0.189	0.253	0.608	-1.995	0.925	-0.064
Quick Ratio	p	0.656	0.648	0.709	0.028	0.168	0.946
	R ²	0.254	0.181	0.020	0.205	0.328	0.014
	Adjusted R ²	0.187	0.108	-0.067	0.134	0.268	-0.074

Source: Author's own calculations using Jamovi software; data processed and organized in Microsoft Excel

The Conan & Holder score plays a significant role in the early years of the analysis, particularly in 2019 and 2020, when the coefficients are positive and statistically significant. In 2021, a very high standardized value appears, but this should be interpreted with caution, as it suggests possible distortions caused by outliers or the sample structure. In subsequent years, the relevance of this indicator declines significantly, indicating a decrease in its predictive power regarding performance. Regarding liquidity, the results are mixed. The Current Ratio becomes significant only in 2022, where its positive impact on ROA is evident, suggesting that working capital management was an important factor that year. However, the high standardized values indicate possible instability in the estimates, which requires careful interpretation. The Quick Ratio also shows a significant effect in 2022, albeit a negative one, which may suggest an excess of immediate liquidity associated with inefficient use of resources.

Overall, the results for ROA indicate that no single indicator has a consistent influence throughout the entire period, but at specific points in time (particularly 2022) the relationships become significant, reflecting the sensitivity of operational performance to economic conditions.

In the case of **ROE**, the regression models have lower and more volatile explanatory power, with R² values ranging from 0.035 to 0.320. It is observed that only in 2024 does the model gain greater significance, suggesting a stronger correlation between the explanatory variables and return on equity in the recent period.

Unlike ROA, the Altman Z-score does not have a significant influence on ROE in any year, suggesting that return on equity is not directly determined by bankruptcy risk, but rather by financial structure and financing decisions.

A notable result emerges for the Conan & Holder score in 2024, where the coefficient is positive and significant, and the standardized value indicates a strong impact on ROE. This suggests that, in the recent period, this indicator better captures the relationship between risk and equity performance, possibly due to a better fit with the specific characteristics of the companies analyzed.

Table 6. Determinants of ROE: Linear Regression Results

ROE vs	Indicator	2019	2020	2021	2022	2023	2024
Altman	Estimate	0.000	0.001	-0.041	-0.030	0.002	0.001
Altman	Stand. Estimate	-0.096	0.041	-0.067	-0.286	0.164	0.051
Altman	p	0.720	0.879	0.645	0.121	0.616	0.831
Conan & Holder	Estimate	-0.084	-0.087	6.942	0.003	0.004	1.021
Conan & Holder	Stand. Estimate	-0.113	-0.179	0.008	0.019	0.078	0.563
Conan & Holder	p	0.463	0.241	0.393	0.896	0.575	<.001
Current Ratio	Estimate	0.005	0.005	0.239	-0.018	-0.022	0.039
Current Ratio	Stand. Estimate	0.243	0.167	0.924	-0.564	-0.631	0.413
Current Ratio	p	0.510	0.735	0.538	0.552	0.354	0.604
Quick Ratio	Estimate	-0.001	-0.002	-0.337	0.038	0.031	-0.047
Quick Ratio	Stand. Estimate	-0.030	-0.054	-1.075	0.703	0.833	-0.471
Quick Ratio	p	0.950	0.929	0.473	0.465	0.265	0.550
	R ²	0.035	0.046	0.175	0.066	0.161	0.320
	Adjusted R ²	-0.051	-0.039	0.102	-0.017	0.086	0.260

Source: Author's own calculations using Jamovi software; data processed and organized in Microsoft Excel

With regard to liquidity, neither the Current Ratio nor the Quick Ratio had a significant impact on ROE during the period under review. Although the standardized ratios are high in some cases, the lack of statistical significance indicates that these relationships are not robust.

Overall, the regression analysis confirms the conclusions previously drawn from correlations but adds an important dimension: the relationships between performance and risk are unstable and dependent on the economic context, and the ability of financial indicators to explain performance is limited. Clearly, ROA is better explained by the included variables than ROE, suggesting that operational performance is more sensitive to fundamental factors, while return on equity is influenced by additional elements, such as capital structure or specific financial policies.

Conclusions.

The analysis conducted on companies listed on the regulated market of the Bucharest Stock Exchange for the period 2019–2024 highlights a complex, dynamic, and often unstable relationship between financial performance and indicators of risk, liquidity, and financial structure. Integrating the results obtained from the analysis of distributions, correlations, and linear regressions allows for the formation of a coherent picture of the mechanisms governing company performance in an emerging market.

First, the analysis of indicator distributions shows that most companies operate in a zone of moderate profitability, for both ROA and ROE, with a consistent concentration in the lower ranges. This structure reflects the characteristics of a developing market, where resource efficiency and profit-generating capacity are limited by structural factors. At the same time, bankruptcy risk indicators (Altman and Conan & Holder) suggest relative financial stability at the aggregate level, but with significant differences between companies, indicating high heterogeneity in the sample.

The correlation analysis revealed that ROA is more closely and consistently correlated with risk and liquidity indicators than ROE, suggesting that operational performance is more sensitive to a firm's financial fundamentals. The positive relationships between ROA and the Z-score, as well as liquidity indicators, confirm that firms that are more stable and better managed in terms of working capital tend to use their assets more efficiently. In contrast, ROE exhibits weaker and more volatile correlations, indicating the influence of additional factors, such as capital structure or financing decisions.

The results of the linear regressions reinforce these observations, highlighting a higher explanatory power for the ROA models compared to the ROE models. Although the R² values generally indicate

models of moderate strength, they are sufficient to underscore that the analyzed variables only partially explain financial performance. An important finding is the absence of a stable model over time, with significant relationships appearing sporadically, particularly in 2022, a period characterized by post-pandemic economic adjustments. In this context, both risk indicators (Altman, Conan & Holder) and liquidity indicators had a more pronounced influence on ROA, suggesting increased sensitivity of performance to macroeconomic conditions.

In the case of ROE, the regressions confirm a low dependence on the analyzed indicators, with the exception of isolated cases, such as the significant influence of the Conan & Holder model in 2024. This difference between ROA and ROE indicates that return on equity is influenced to a greater extent by firm-specific internal factors, such as financing policy or capital structure, and less by traditional risk and liquidity indicators.

Another relevant finding relates to liquidity, which, although it shows positive correlations with performance, does not emerge as a robust determinant in the regression models. This discrepancy suggests the existence of indirect or nonlinear relationships, but also the possibility that a high level of liquidity may, in certain cases, reflect an inefficient use of resources. Similarly, financial leverage does not emerge as a significant explanatory factor, indicating a relatively prudent use of debt among the analyzed companies.

Regarding stock returns, both the distribution analysis and the correlations and regressions confirm the absence of a stable relationship with accounting performance. This result highlights the specific nature of the Romanian capital market, where stock prices are influenced not only by financial fundamentals but also by external factors, such as investor sentiment, market liquidity, or the macroeconomic context.

Overall, the study highlights that financial performance among companies listed on the Bucharest Stock Exchange (BVB) is determined by a complex set of factors, and the relationship with risk is neither linear nor constant over time. Among the indicators analyzed, financial stability and, to a certain extent, liquidity play a more significant role in explaining operational performance (ROA), while return on equity (ROE) remains more difficult to model using traditional variables.

These results confirm the specific nature of emerging markets and suggest the need for more advanced approaches that integrate additional factors, such as corporate governance, sectoral structure, or macroeconomic variables. The study thus provides a solid empirical foundation for the development of more complex future models and contributes to a better understanding of the relationship between performance and risk in the context of the Romanian capital market.

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