THE DETERMINING FACTORS OF THE FINANCIAL PERFORMANCE OF COMPANIES IN THE CONSTRUCTION SECTOR

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Abstract
The paper outlines an investigation into the factors that determine the financial performance of companies in the construction sector. The data required for the analysis were collected for a specific sample of 30 companies in the construction field, with the reference period being the time interval between the years 2019-2022. The source used to create this sample was the annual financial statements of these companies published on the Bucharest Stock Exchange (BVB). The method by which the analysis was performed was the method of grouped least squares with fixed effects and random effects. This analysis is empirical with panel data.

Keywords
The performance of the organization; financial performance; influencing factors; rates of return; performance indicators.

JEL Classification
M41

Introduction

In the specialized literature, there are numerous studies that have as their main subject the financial performance of the company. In the current context, this theme is very addressed because the general objective of the companies is to be financially efficient and to know exactly which factors help to achieve financial performance. This research starts from the question: "What are the influencing factors at the performance of construction companies?". The financial performance represents the first general objective of the financial diagnosis, being assessed through profitability indicators. The financial position, according to the referential framework, is defined by the financial structure, the controlled economic resources, its ability to quickly adapt to changes in the environment in which it operates, as well as the liquidity and solvency of the economic values. All capital investors are interested in the performance of the financial policy adopted and the way assets are managed, the evaluation of the financial position being the point of common interest for all users of financial-accounting information.

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The performance of the enterprise is obtained from the use of capital and existing assets, and any economic decision starts from the financial position of the enterprise and aims to achieve a certain level of performance.
The concept of performance implies a state of competitiveness of economic organizations, which is achieved through a level of productivity and effectiveness that ensures a sustainable presence on the market. The performance brings together characteristics of their competitiveness, efficiency and effectiveness, but also structural and procedural – evaluative components. We can consider that an organization is performing when it simultaneously meets the conditions of efficiency and effectiveness. Efficiency and effectiveness are two performance variables, which combined reflect the degree of performance of organizations.
The main objectives underlying this work are the following:

- determining the factors that influence the company's performance based on the study of specialized literature;
- creation of the correlation matrix and the main regression models, as well as the estimation of these models;
- studying multicollinearity.

This paper is structured in 4 parts. The first part includes the summary and the introduction that present the main objectives of the paper, and in the second part we have the state of knowledge, where we analyze what has been debated in the specialized literature regarding this topic. The third part of the paper includes the application part, namely the analysis of the performance of construction companies from the perspective of the economic rate of return and the rate of financial return. The work will end with the conclusions obtained from the analysis carried out in the previously mentioned part.

1. Review of the scientific literature

Studying the performance of companies is an objective of many specialized researches.
According to Graves SB. and Waddock S. (1998) financial performance can be positively associated with corporate social performance (CSP), they support the theory that resource unavailability and CSP are positively related. They conducted a study on financial performance, considering its measurement using three accounting variables, namely: return on assets, return on equity and return on sales, providing a series of measures used to assess financial performance.
Singh K. (2023) states in his work published in the International Journal of Bank Marketing that financial performance in negatively related to financial risk and that it is directly influenced by social performance.
Hansen and Wernerfelt (1989) conducted a paper on company financial performance testing performance models based on a sample of 60 firms. Following the analysis, they came to the conclusion that organizational factors explain approximately twice as many variations in economic profitability, respectively profit, than economic factors.
Niculescu and Lavalette (1999) define performance as representing a state of competitiveness of economic organizations, achieved through a level of productivity and effectiveness that ensures a sustainable presence on the market.
Marian Siminica (2010) states the being efficient means achieving or exceeding the proposed objectives. He believes that an organization is performing when it is at the

same time efficient and effective. Performance relief can only be achieved by comparison with other recorded results, this reporting being one of the requirements of the performance concept.

Monica Violeta Achim and Sorin Nicolae Borlea (2012) believe that the notion of performance represents a very diversified concept that has evolved over time, depending on economic development cycles and the context of the globalization of the world economy. They emphasize that financial performance is influenced by the income, expenses and financial results of an economic organization.

In the work published in the Academy of Economic Studies of Moldova (2016), Ana Nedelcu believes that financial performance represents the success of the company's activity, being multidimensional and influenced by a wide range of factors. According to the work published by her, one of these factors is represented by capital turnover. Empirical research demonstrates that capital turnover exhibits both isolated and systemic effects on the financial performance of industrial enterprises. The purpose of the article published by her was to argue the role of accelerating capital turnover for increasing financial performance. After carrying out the study, Ana Nedelcu came to the conclusion that capital turnover is an essential factor of financial performance and that its influence is significant and positive.

Vasile Burja (2006) believes that the company's performance can be influenced by its financial risk. Following the study carried out, it concludes that the main condition for obtaining a higher return on equity is that, through good asset management. an efficiency greater than the cost of borrowed sources will be produced, otherwise the emergence and manifestation of financial risk will be imminent.

Andrada-Mihaela Surubaru (2019) believes that the performance of a company is measured by means of two indicators, namely economic profitability and financial profitability. To prove this hypothesis, she carried out an empirical analysis, estimating 8 regression models, respectively 4 models for ROA and 4 models for ROE, after which concluded that all the models within the financial profitability are with random effects, and no model is affected by the phenomenon of multicollinearity.

We get a clearer picture of the scope of the conducted research with the help of the bibliometric analysis. With the help of the VOSviewer software, using documents downloaded from the Web of Science Core Collection platform, the articles developed in the targeted research field were organized. VOSviewer is a software tool for creating and representing bibliometric networks. These networks can, for example, be made up of journals, researchers or individual scientific publications, and can be created based on scientific co-authorship, co-occurrence, citation, bibliographic coupling, co-citation.

Based on a sample of 97 authors from the Web of Science database, including mainly articles, papers presented at conferences and their book chapters, a bibliometric analysis of those who addressed financial performance in their paper was carried out.

The figure below shows the main authors who have addressed the topic of financial performance in specialized papers. They were grouped into 47 clusters based on the number of articles in which they addressed the topic of financial performance. The search in the Web of Science database was performed using the keywords financial performance and resulted in 97 authors addressing this topic, respectively 51 articles.

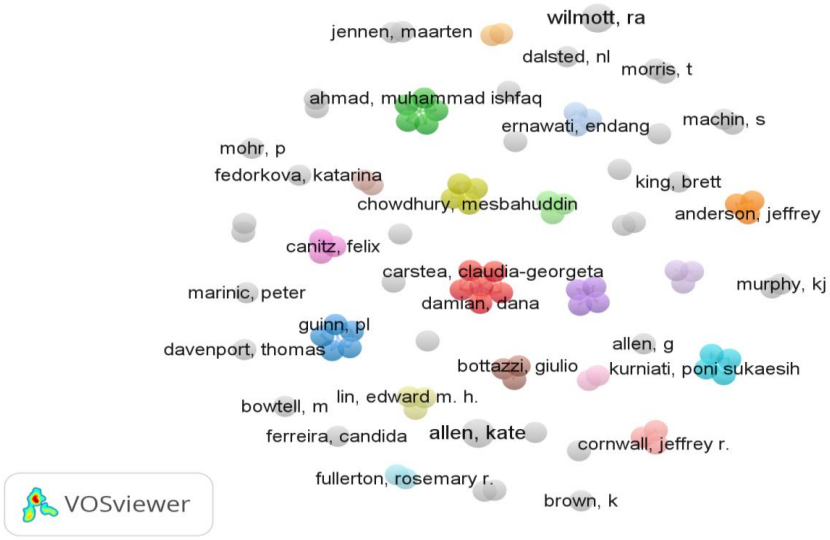

Figure no. 1: The main authors who addressed the research topic in specialized papers
Source: Own processing in VOSviewer

Also with the help of the VOSviewer software, we highlighted the most cited authors in this field: Graves SB., Pelster M., Singh K., Waddock S., Koster H. They were grouped into 3 clusters, respectively:

- the first two authors in cluster 1;
- the next two in cluster 2;
- the last author in cluster 3.

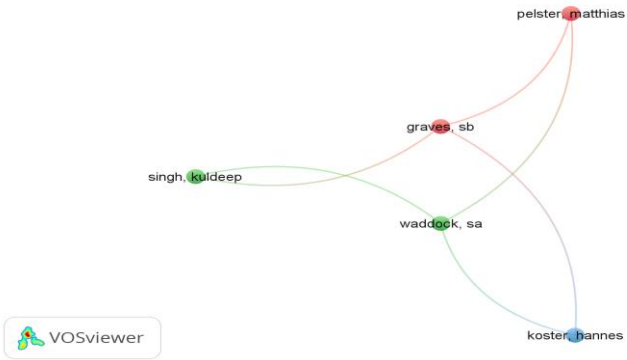

Figure no. 2: The most cited authors in the field
Source: Own processing in VOSviewer

The Web of Science Core Collection database is a database that includes online bibliographic and bibliometric aspects and mainly contains scientific journals, conference volumes and high-quality books in various fields. The analysis carried out by me was created on the basis of citation (citation, unit of analysis: authors) and on the basis of scientific co-authorship (co-authorship, unit of analysis: authors).
In the approach undertaken for the purpose of this research, I found that in the specialized literature there is no single way of analyzing the factors influencing financial performance.
Starting from the objectives of this research, mentioned above, we formulated the following research hypotheses:
H1: The performance of the enterprise is obtained from the use of existing capitals and patrimony, and any economic decision starts from the financial position of the enterprise and aims to achieve a certain level of performance.
H2: The financial performance of the enterprise can be influenced by the level of the balance sheet elements, as well as by the net profit obtained by the enterprise at the end of the financial year.

2. Research methodology

Among the methods used in the development of this research are: documentation, mathematical and statistical methods. The study of the determining factors of the financial performance of companies in the enterprise sector is carried out on the basis of panel data, where we have chosen 4 years of analysis, 2019-2022. In 2019, Andrada Mihaela Surubaru used a similar methodology to quantitatively analyze the determining factors of the financial performance of companies from several sectors of activity. The database is our own creation based on the financial statements published by the 30 construction companies, selected for analysis, on the BVB. I chose this field because it is a very vast field with many companies. In my opinion, this is the most relevant for the Romanian economy. However, I believe that this research also has limitations. These limits are given by the fact that this research is only carried out for 4 years. The most conclusive and real analyzes are conducted over very long periods of time, but the lack of access to information has led to this limitation.
Based on these data, we calculated the following indicators: financial leverage, current liquidity, general solvency, fixed assets rate, current assts rate, financial stability rate and financial autonomy rate.
The indicators taken from the balance sheet are: total assets, fixed assets, current assets, total liabilities, short-term liabilities, long-term liabilities and equity.
In the work, these previously listed indicators will be used as independent variables, and as dependent variables the economic rate of return on assets and the rate of financial return will be used.

Table no. 1. Description of variables

Variabile	Descrierea variabilelor
ROA	The rate of economic return on assets
ROE	Financial rate of return
AT	Total assets
AI	Fixed assets
AC	Current assets
DT	Total debts
DTS	Short term debts
DTL	Long-term debt
K. Pr.	Equity
Lf	Financial leverage
Raimob	The rate of fixed assets
Racirc	Current assets ratio
Lc	Current liquidity
Sg	General solvency
R sf	Financial stability rate
R af	Financial autonomy rate

Source: Own processing in Excel

3. Results and discussions

3.1 Economic rate of return on assets (ROA)

ROA is the most common rate among economic rates of return. This measures the degree of profitability of the entire capital invested in the entity and is determined as the ratio between the net result of the exercise and the total assets of the entity.

The figure below shows the evolution of the economic return on assets, during the 4 years analyzed, of the companies in the sample.

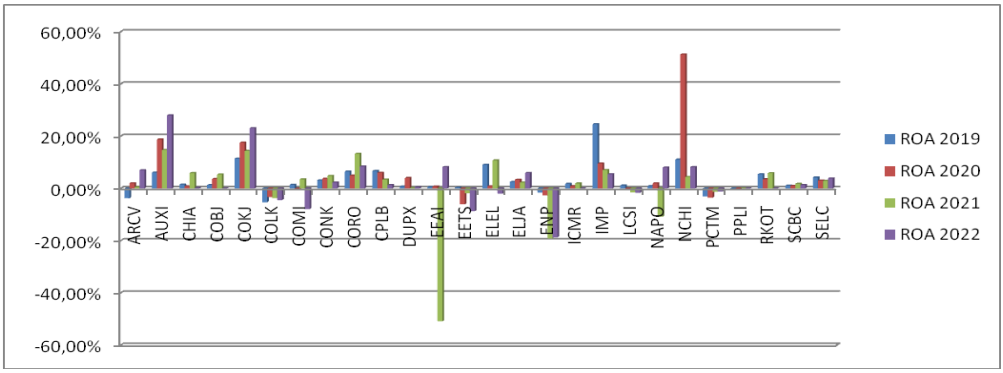

Figure no. 3: The evolution of ROA in the period 2019-2022
Source: Own processing in Excel

The evolution of ROA is: the highest value in 2019 is held by the company IMPACT DEVELOPER & CONTRACTOR S.A. (24,60%). In 2020 with a value of 51,31% is the company SCALA DEVELOPMENT S.A. CLUJ-NAPOCA, and in the years 2021 and 2022 it is the company ATM – CONSTRUCT SA PLOIESTI, with values of 14,73% and 27,97% respectively.
The minimum values of this rate were recorded as follows: in 2019 CONEX PRAHOVA SA BUCURESTI with a value of -5,30%, in 2020 ELECTROCONSTRUCTIA ELCO SA TIMISOARA with a percentage of -6,03%, in 2021 ELECTROCONSTRUCTIA ELCO ALBA IULIA SA with a percentage of -50,84%, and in 2022 COMPANIA ENERGOPETROL S.A. with a percentage of -18,72%.
An increase in the rate of economic return on assets reflects an efficient management of the resources controlled by the entity with implications on the future growth of the entity's value.

3.2. Financial return rate (ROA)
ROE reflects the degree of remuneration of the capital invested in an entity by investors. The table below shows the evolution of the financial profitability, during the 4 years analyzed, of the companies in the sample.

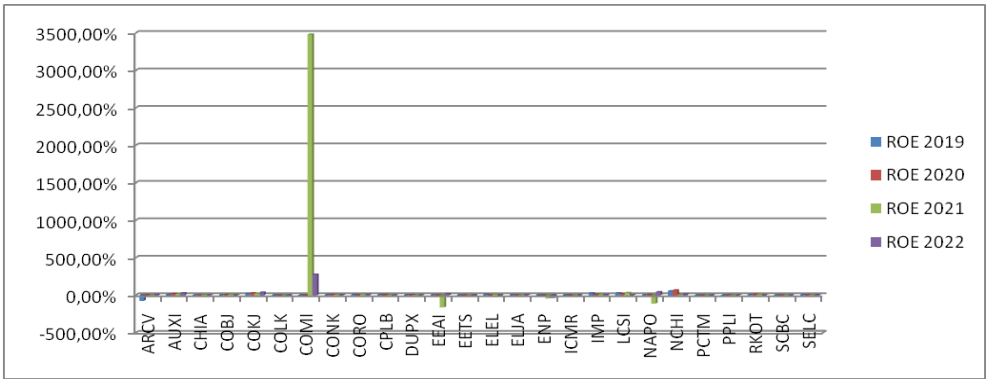

Figure no. 4: The evolution of ROE in the period 2019-2022
Source: Own processing in Excel

According to the graph above, the evolution of ROE is as follows: in the years 2019 and 2020, the highest value is held by SCALA DEVELOPMENT S.A. CLUJ-NAPOCA, respectively 54,31% and 67,48% and in the years 2021 and 2022 the largest share belongs to the company CONDMAG S.A. with 3478,69% and 276,07% respectively.
The minimum values of this rate were recorded as follows: in 2019 the company IMOTRUST SA ARAD with a percentage of 74,27%, in 2020 the company CONDMAG S.A. with a percentage of -12,71%, in 2021 the company ELECTROCONSTRUCTIA ELCO ALBA IULIA S.A. with a percentage of -160% and in 2022 the company ENERGOPETROL S.A. with a percentage of -37,82%.
An increase in this rate becomes an incentive to participate in the growth of the share capital for both existing shareholders and investors and represents an achievable goal for managers because, only in this way can they maintain their position and be supported by shareholders in creating value in the future.

3.3. Study of the determining factors of the company's financial performance
In order to carry out this study, I set out to analyze the determinants of companies performance from the perspective of financial performance.
This analysis includes 30 companies listed on the BVB, these entities being part of the construction sector. This chapter presents an analysis capturing various regression models on the financial performance of businesses.
This section aims to study the determinants of the company's financial performance based on panel data, where we have chosen 4 years of analysis, 2019-2022. The database is our own processing based on the financial statements published by these companies, and the software used to estimate the regression models is Stata16.

3.3.1. Study of the determinants of financial performance based on panel data
In this subchapter, I will perform the descriptive statistics, the correlation matrix, the estimation of the regression models and the multicollinearity will be tested, using the

Stata16 software. For each specification I will estimate by pooled least squares, fixed effects and random effects.

Table no. 2. Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	104	0.029	0.1	-.508	0.513
ROE	104	0.379	3.427	-1.6	34.787
TA	104	80745212	1.980e+08	0	1.330e+09
AI	104	46167195	1.229e+08	0	8.052e+08
AC	104	34169754	79311390	0	5.195e+08
DT	104	29061098	68638642	0	4.886e+08
DTS	104	12989534	28810574	0	2.031e+08
DTL	104	16071565	48092681	0	3.262e+08
Cpr	104	50196077	1.372e+08	-36110184	8.412e+08
LF	104	-0.006	0.046	-.331	0
RAimob	104	0.514	0.272	0	0.998
RAcirc	104	0.452	0.265	0	0.997
Lc	104	20.664	99.632	0	838.368
Sg	104	116.793	449.382	0	2472.931
Rsf	104	0.681	0.367	-1.674	0.999
Raf	104	0.572	0.399	-1.674	1.073

Source: Own development using Stata16

In the previous table, the descriptive statistics related to the panel data are presented. The highest average is recorded within total assets, respectively 8,07. Similarly, fixed and current assets have a fairly high average of 4,61 and 3,41, respectively, which may suggest that the analyzed companies invest more in equipment, land or buildings. Regarding total debts, they register a low value of 2,90, but short-term and long-term debts also have low values. It can be seen that, on average, there are more long-term debts than short-term debts, but the difference is insignificant. A fairly high value is also found for equity, which means that, on average, the capital of the companies analyzed is used efficiently. ROA and ROE register the lowest values, which means that due to the size of the companies there are considerable differences between them, but also between the years of analysis. The standard deviation has small values, which means that the variables do not deviate much from the mean.

Next, we will present the correlation matrix for table data (table 3). The Pearson coefficient was calculated for the correlation of the variables. This coefficient is used to measure the statistical relationship and association between certain data. It can record

positive or negative values. When it registers positive values, it means that for every increase in one of the analyzed variables there is also an increase in the order correlated variable. A negative Pearson coefficient value means that for every increase in one variable, there is a decrease in the other.

Table no. 3. The correlation matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1) ROA	1.000								
(2) ROE	0.057	1.000							
(3) TA	0.161	-0.009	1.000						
(4) AI	0.130	-0.021	0.984	1.000					
(5) AC	0.202	0.011	0.962	0.899	1.000				
(6) DT	0.125	0.022	0.918	0.862	0.943	1.000			
(7) DTS	0.103	-0.003	0.701	0.656	0.726	0.816	1.000		
(8) DTL	0.118	0.034	0.889	0.837	0.912	0.938	0.566	1.000	
(9) Cpr	0.169	-0.031	0.980	0.986	0.911	0.820	0.603	0.809	1.000
Variables	(1)	(2)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
(1) ROA	1.000								
(2) ROE	0.057	1.000							
(10) LF	0.007	0.016	1.000						
(11) RAimob	-0.139	-0.088	0.030	1.000					
(12) RAcirc	0.192	0.107	-0.049	-0.804	1.000				
(13) Lc	-0.047	-0.015	0.029	0.065	-0.042	1.000			
(14) Sg	-0.088	-0.024	0.036	0.335	-0.310	0.626	1.000		
(15) R sf	0.120	-0.014	0.459	0.362	-0.160	0.105	0.175	1.000	
(16) R af	0.090	-0.140	0.383	0.460	-0.305	0.081	0.231	0.863	1.000

Source: Own development using Stata16

According to the analysis carried out, it is found that there is no strong correlation between current assets and fixed assets, equity, long-term and short-term liabilities, total assets and total liabilities, because the correlation coefficient is less than 0,75. There is a fairly moderate correlation between current assets and ROA, respectively ROE, the correlation coefficient having small values. Between fixed assets and equity there is a strong correlation of 0,98. There is fairly small to moderate correlation between the current liquidity rate and the degree of indebtedness, but also autonomy rate. It can be seen that there is a moderate to good correlation between current liquidity and general solvency, but also between current liquidity and the financial stability rate.

Following the data presented in the previous table, a good association can be found between financial leverage and the rate of financial autonomy. It is found that there is a moderate correlation between ROA and ROE , having a correlation coefficient of 0,057.

3.3.1.1. Estimation of regression models with ROA as a dependent variable
The next table shows the estimation of the regression model with fixed effects when ROA is the dependent variable and the rest of the variables are dependent.

Table no. 4. Estimation of the fixed-effects simple linear regression model

ROA	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]
TA	0	0	-0.97	0.337	0	0
AI	0	0	1.20	0.236	0	0
AC	0	0	1.10	0.276	0	0
DT	0	0	-0.65	0.52	0	0
DTS	0	0	0.86	0.391	0	0
o	0	.	.	.	.	.
Cpr	0	0	-0.30	0.768	0	0
LF	.012	.301	0.04	0.969	-.589	.613
RAimob	-.114	.118	-0.97	0.338	-.349	.121
RAcirc	.234	.112	2.10	0.04	.011	.458
Lc	0	0	-0.65	0.516	-.001	0
Sg	0	0	0.05	0.959	0	0
Rsf	.191	.139	1.38	0.173	-.086	.468
Raf	-.202	.166	-1.21	0.229	-.533	.13
Constant	-.033	.07	-0.48	0.636	-.172	.106

Mean dependent var	0.029	SD dependent var	0.100
R-squared	0.154	Number of obs	104
F-test	0.909	Prob > F	0.619
Akaike crit. (AIC)	-247.473	Bayesian crit. (BIC)	-213.096

****** p<.01, ** p<.05, * p<.1***

Source: Own development using Stata16

Following the analysis performed in the previous table, we obtained the following results: it can be seen that within is not equal to 0, this having a value of 0,15 for the model with fixed effects. The relationship Prob > F is not satisfied, with F having the value of 0,9 and Prob of 0,6. It can be seen that in this regression model the p-value is different from 0 and is less than the t-value.
The following table shows the linear regression model with random effects.

Table no. 5. Estimation of the simple linear regression model with random effects

ROA	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]
TA	0	0	-0.69	0.489	0	0
AI	0	0	0.58	0.563	0	0
AC	0	0	0.65	0.518	0	0
DT	0	0	0.24	0.812	0	0
DTS	0	0	0.64	0.52	0	0
o	0	.	.	.	.	.
Cpr	0	0	0.51	0.611	0	0
LF	-.046	.24	-0.19	0.847	-.516	.424
RAimob	.002	.071	0.03	0.974	-.137	.142
RAcirc	.063	.071	0.88	0.379	-.077	.203
Lc	0	0	-0.04	0.967	0	0
Sg	0	0	-0.23	0.817	0	0
Rsf	.084	.092	0.91	0.361	-.096	.264
Raf	-.066	.096	-0.68	0.496	-.255	.123
Constant	-.021	.055	-0.39	0.697	-.129	.086

Mean dependent var	0.029	SD dependent var	0.100
Overall r-squared	0.125	Number of obs	104
Chi-square	.	Prob > chi2	.
R-squared within	0.085	R-squared between	0.170

**** p<.01, ** p<.05, * p<.1*

Source: Own developments using Stata16

According to the analysis performed previously (table 5) we obtained the following results: the situation is improved compared to the analysis performed with the

regression model with fixed effects. R-square has values between 0,08 – 0,1 and p-values are less than t-value as in fixed effects analysis.

Table no. 6. The Hausman test

	Coef.
Chi-square test value	-8.927
P-value	1

Source: Own developments using Stata16

Following the Hausman test (table 6) it can be concluded that the probability is 1, which means that the null hypothesis cannot be rejected, so it is a random effects model.

3.3.1.2. Estimation of regression models with ROE as dependent variable

The next table presents the estimate of the regression model with fixed effects, this time the dependent variable being ROE.

Table no. 7. Estimation of the fixed-effects simple linear regression model

ROE	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
TA	0	0	-0.01	0.993	0	0	
AI	0	0	-0.30	0.767	0	0	
AC	0	0	-0.25	0.805	0	0	
DT	0	0	0.81	0.42	0	0	
DTS	0	0	0.04	0.968	0	0	
o	0	.	.	.	.	.	
Cpr	0	0	0.98	0.329	0	0	
LF	1.561	12.971	0.12	0.905	-24.343	27.466	
RAimob	7.413	5.077	1.46	0.149	-2.726	17.552	
RAcirc	-3.623	4.822	-0.75	0.455	-13.254	6.008	
Lc	.003	.01	0.32	0.751	-.016	.023	
Sg	0	.003	-0.02	0.982	-.006	.006	
Rsf	.19	5.975	0.03	0.975	-11.744	12.123	
Raf	-.181	7.166	-0.03	0.98	-14.492	14.129	
Constant	-1.969	3.004	-0.66	0.515	-7.969	4.031	

Mean dependent var	0.379	SD dependent var	3.427
R-squared	0.066	Number of obs	104

F-test	0.352	Prob > F	1.000
Akaike crit. (AIC)	537.448	Bayesian crit. (BIC)	574.470

**** p<.01, ** p<.05, * p<.1*

Source: Own development using Stata16

It can be seen that within this model is not equal to 0. It has a value of 0.065. The Fisher test also falls short of the recommended value of 1.2, recording a value of 0.352. In this regression model, the relationship Prob > F is satisfied, with F having a value of 0.352 and Prob of 1.

Table 8 shows the estimate of the regression model with random effects, the dependent variable also being ROE.

Table no. 8. Estimation of the simple linear regression model with random effects

ROE	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]
TA	0	0	-0.52	0.601	0	0
AI	0	0	1.15	0.25	0	0
AC	0	0	1.08	0.279	0	0
DT	0	0	-2.02	0.043	0	0
DTS	0	0	0.48	0.632	0	0
o	0	.	.	.	.	.
Cpr	0	0	-2.03	0.043	0	0
LF	1.99	8.775	0.23	0.821	-15.208	19.188
RAimob	-.955	2.526	-0.38	0.705	-5.906	3.995
RAcirc	-.008	2.521	-0.00	0.998	-4.949	4.933
Lc	0	.007	0.03	0.975	-.013	.013
Sg	-.001	.002	-0.36	0.716	-.005	.003
Rsf	3.989	2.999	1.33	0.183	-1.889	9.867
Raf	-3.384	3.065	-1.10	0.27	-9.392	2.623
Constant	-.073	1.959	-0.04	0.97	-3.912	3.766

Mean dependent var	0.379	SD dependent var	3.427
Overall r-squared	0.140	Number of obs	104
Chi-square	14.631	Prob > chi2	0.331
R-squared within	0.008	R-squared between	0.767

**** p<.01, ** p<.05, * p<.1*

Source: Own development using Stata16

According to the analysis carried out, it can be seen that the R-squared has values between 0.008 – 0.7 and p-values are less than the t-value as in the fixed effects analysis.

Next, to complete the analysis, we applied the Hausman test.

Table no. 9. The Hausman Test

	Coef.
Chi-square test value	4.454
P-value	0.726

Source: Own development using Stata16

Following the Hausman test it can be concluded that the probability is 0.726, which means that the null hypothesis cannot be rejected, so it is a random effects model.
The results obtained from the analysis carried out are in accordance with the results of some existing articles on this subject, such as Surubaru (2019), who concluded that economic profitability and financial profitability help to measure the performance of companies.
In this analysis with panel data, we estimated 4 regression models, 2 of them with fixed effects and the other 2 with random effects. The method used to estimate the fixed-effects and random-effects regression models was the pooled least squares method.
In the first 2 regression models we considered ROA as the dependent variable, and in the other 2 models, the dependent variable was ROE.
It also emerges from the specialized literature that financial performance is influenced by financial risk and capital turnover. Financial risk is determined by the company's financing policy through equity or loans. Capital turnover is an essential factor of economic performance. It is not enough that the speed of rotation of the capital accelerates, but it is necessary to observe a correlation between the rotation of the elements that make up the capital of the enterprise.
We can consider that an organization is performing when it simultaneously meets the conditions of efficiency and effectiveness.
According to the analysis carried out, I consider that the two research hypotheses formulated at the beginning of the paper have been validated.

Abbreviations and acronyms

BVB – Bucharest Stock Exchange
ROA – Rate of Economic Return
ROE – Financial Rate of Return
CSP – Corporate Social Performance

Conclusions

Through this paper, I aimed to carry out an analysis of the determinants of the financial performance of construction companies.
Financial Performance represents the success of the enterprise's activity. As it appears from the specialized literature, the performance of a company is measured by means of two indicators very often used in financial analysis, namely ROA and ROE.
According to the analysis carried out, the independent variables that are significant for performance are: total assets, equity, total liabilities, as well as long-term liabilities.

This means that the total assets of the analyzed companies are used efficiently.
The models estimated in the analysis are random effects.
The analysis carried out in this paper was realized with the help of Stata16 software. It is a statistical software used for data analysis and data management.
I believe that the objectives mentioned at the beginning of the paper have been achieved, and the hypotheses formulated based on them have been validated.
In conclusion, although the initial objectives were achieved and the hypotheses were validated, there are certainly many more factors influencing the financial performance of companies, which will be discovered in the future.
The research was limited by the difficult access to information, the sources quite difficult to access, as well as the fact that the analysis was only carried out over 4 years.

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