

NEGATIVE TRENDS IN FINANCIAL REPORTING DURING CRISIS: AN APPLIED STUDY ON STRATEGIC COMPANIES IN ROMANIA

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Abstract

This article aims to analyze the negative trends in the financial reporting of Romanian listed companies during the period 2019–2023, marked by successive systemic crises (the COVID-19 pandemic, the energy crisis, and geopolitical instability). The main objectives of the research are to identify changes in key financial performance indicators, to assess the evolution of provisioning behavior, and to examine how risk perceptions are reflected in corporate financial disclosures under conditions of heightened uncertainty.

The study employs a longitudinal research design based on a mixed quantitative–qualitative methodology. Quantitative data were collected manually from audited annual financial statements of five companies listed on the Bucharest Stock Exchange, operating in strategic sectors of the Romanian economy (energy, banking, telecommunications, heavy industry, and e-commerce). The analyzed indicators include net profitability, provisions, equity, and debt ratios, covering the period 2019–2023. Qualitative data were extracted from the risk and uncertainty disclosures included in the explanatory notes of the annual reports.

The data were processed using comparative and descriptive analysis, with results consolidated in a multi-year comparative table and complemented by graphical representations to highlight financial dynamics over time. The findings reveal a significant decline in profitability during the crisis peak (2020), accompanied by a substantial increase in provisions, indicating a conservative and anticipatory financial reporting behavior. While some companies demonstrated post-crisis recovery, others exhibited persistent structural vulnerabilities, particularly in terms of leverage.

Overall, the results suggest that financial reporting during crisis periods evolves toward greater prudence and enhanced risk disclosure, reflecting both economic pressures and managerial responses to uncertainty. The study contributes empirical evidence on crisis-induced conservatism in financial reporting and highlights the importance of integrating quantitative performance analysis with qualitative risk assessment.

Keywords

Financial reporting, provisions, profitability, risk, economic crisis, neuroscience, Romanian companies

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