RESEARCH ON THE EVOLUTION OF THE FINANCIAL PERFORMANCE OF COMPANIES LISTED AND TRADED ON THE BUCHAREST STOCK EXCHANGE, DURING 2006-2013, BASED ON RATES OF RETURN

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Abstract
DuPont financial analysis system is one of the most used methods of understanding the causes that led to the evolution of the rate of return on equity, as a measure of financial performance of a company. Financial return is evolving under the holistic influence of several factors, without being determined only by the independent action of asset rotation, of assuming the financial risk or practiced profit margin. Studies are based on the hypothesis that companies listed and traded on the Bucharest Stock Exchange, operating in industry and construction, obtain financial performance, assessed in terms of the Economic rate of return and the Financial rate of return, even if their financial performance declined during the period 2006-2013.

Keywords*:* DuPont financial analysis, Bucharest Stock Exchange, Economic rate of return, Financial Rate of Return

JEL classification: G30, G33, M40

1. Introduction

Developed in the 1920's by DuPont Company, DuPont financial analysis system remains one of the most used methods of understanding the causes that led to the evolution of the Rate of Return on Equity as a measure of financial performance of a company. The traditional Du Pont model divides the Return on Equity into three distinct elements: the Net Profit Margin, Asset Rotation and Investment Multiplier. These components include operational

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effectiveness, efficiency of assets' usage and financial leverage, and by their combined analysis, studying the links between the mentioned factors, financial profitability analysis becomes more refined than a simple comparison or trend analysis. In addition, Du Pont system helps managers to identify the best combination of assets' rotation and leverage for the enterprise that will improve financial performance, providing future directions for increased performance by increasing the net profit margin due to the increase in sales and reducing costs (Vasiu, 2012).

2. Analysis of financial performance under DuPont system of equations. Literature Review and Conceptual Framework

The Du Pont includes margin, rotation and structure rates of capitals explaining in quantitative perspective (through margin rates) and qualitative (the rates of rotation and structure) the return on invested capital, providing management guidance directions for improving less competitive profitability factors. Considering that the quantitative factor is determined to a greater extent by the economic situation and the quality factor is directly influenced by the management of the company, their combination by the Rate of return expresses an optimal mix to increase profitability based on operating the margin conditions and on intensive exploitation of assets held by the company.

Economic Rate of Return can be decomposed into two explanatory ratios (Stancu, 2007), namely a value structure Ratio of the Turnover Ratio (margin ratio) and a Rotation Ratio of Capital by turnover. Through these rates, the financial analysis of the enterprise are refined, the structure and rotation ratios characterizing the intensity of economic exploitation of business assets and the margin ratios show the difference between the sales price and the total costs, including corporate tax. Decomposition of Economic Rate of Return (Err) is based on the model chosen for its calculation, namely:

$$Economic\ Rate\ of\ Return\ = \frac{EBIT}{Capital\ invested} = \frac{EBIT}{Turnover} \times \frac{Turnover}{Capital\ invested}$$

Respectively

Economic rate of return $=$ Gross margin ratio $\times$ Capital rotation

According to these models, the Economic Rate of Return can be increased either by increasing the accumulation of gross margin (the

difference between turnover and management costs (payable)), or by increasing the capital rotation by turnover or by both ways. We should bear in mind that The Economic Rate of Return may register, during development periods, a low value, despite the increase in gross margin, due to faster growth of capital invested, as compared to enterprise profitability.

Starting from the relation

$$ROA = \frac{Net\ profit}{Total\ assets}$$

Du Pont model highlights an important link between Net Profit Margin and the Rotation Rate of the Total Assets (Halpern et all, 1994), according to the relation:

$$ROA = \frac{Net\ profit}{Total\ assets} =$$

$$\frac{Net\ profit}{Turnover} \times \frac{Turnover}{Total\ assets} = Net\ profit\ margin \times Rotation\ rate\ of\ the\ total\ assets$$

As it can be noticed on the basis of this model, the Economic Rate Of Return can be improved either by increasing the Net Profit Margin, or by increasing the Rate Of Rotation Of The Asset, which is, however, dependent on the specificity of the industry in which the company operates, retailers having a higher capacity of increasing the velocity of assets compared to the providers of services and utilities. However, Net Profit Margin can vary widely within the same industry, being the result of policies of cost, of sales and price, company-specific (Shim J. K, Siegel J. G, 2009).

Based on Du Pont model, the analysis of the Financial Rate of Return can be made according to the following patterns, in two or several ratios (Stancu, 2007):

$$Financial\ Rate\ of\ Return = \frac{Net\ profit}{Equity}$$

$$= \frac{Net\ profit}{Turnover} \times \frac{Turnover}{Capital\ invested} \times \frac{Capital\ invested}{Equity}$$

Financial Rate of Return	=	Net margin rate of return	x	Capital rate of return	x	Structure rate of capital

In the Canadian model proposed by Halpern:

$$ROE = ROA \times Equity\ Multiplier\ Factor$$

where

$$Equity\ multiplier\ factor\ = \frac{Total\ assets}{Equity}$$

The expression of the relationship between the Rate of Economic Return and Financial Return is the Du Pont extended equation:

| ROE | = | Profit Margin | × | Rotation of Total Assets | × | Equity Multiplier Factor |

$$ROE = \frac{Net\ profit}{Turnover} \times \frac{Turnover}{Total\ assets} \times \frac{Total\ assets}{Equity}$$

Based on this model we may conclude that the financial return is evolving under the holistic influence of several factors, without being determined only by the independent action of asset rotation, of assuming the financial risk or practiced profit margin.

For almost a century since they were designed, Du Pont equations have been widely used both in theory and case studies and analyzes, to calculate performance indicators and analyze the factors that contributed or could contribute to achieving and maintaining them, especially the interaction of these factors and how they can be combined to obtain the best result possible. There are almost no theoretical works in the field of financial analysis both nationally and internationally that do not approach the Financial Rate of Return and the Economic Rate of Return individually and during the interaction between them, from the perspective of Du Pont system.

In a study conducted in 2008 for 238 companies listed for at least 5 consecutive years at the Jakarta Stock Exchange, from 1994 -2004, *A. Prasetyantoko* and *Rachmadi Parmono (*Prasetyantoko, Parmono, 2008*)* have analyzed the factors that determine corporate performance of listed companies in Indonesia, addressing especially the issue of company size and the role of foreign capital using return on assets (ROA) and market capitalization to measure the performance of companies. In 2011 (Horobet, A., Lupu, R., Dumitrescu,S., Dumitrescu D., Tintea, I., 2011), based on Du Pont model and capital market indicators (PER, EPS) have analyzed the causes of financial performance of Romanian companies listed on the Bucharest Stock Exchange from 2002 to 2009 were explained, while identifying the dynamic compromise between efficiency, profitability and financial levers used by companies. Using indicators for assessing earnings management, company size, leverage, remaining ROA for the companies that suffered losses in the previous year, based on a regression model containing these variables, Mehmet Unsal Memiş and Emin Hüseyin Çetenak (Mehmet Ü. M., şi Emin H. Ç., 2012 have

analyzed the links between earnings management-audit quality and earnings management- legal system quality. The study is based on observations made in the case of 1507 private companies from 8 emerging countries: Brazil, Greece, Israel, South Korea, Mexico, Poland, Russia and Turkey, during 2008-2009.

Financial performance of listed companies, under the influence of various factors, was analyzed for companies in Nigeria (Ogebe P., and Ogebe J., Alewi K., 2013), Pakistan (Sh ah Fasih S., *2013),* Amman (Khalaf, T., 2012*),* Tehran (Akbarpour M., Aghabeygzadeh S., 2011).

In the recent works of analyzing the financial performance of listed companies, using Economic Rate of Return and Financial Rate of Return, examines the relationships established between the capital's structure and profitability of a company, through a case study conducted in 2010-2012 on 53 companies listed on the BSE. The result of the study shows that the economic performance expressed in rates of return is positively influenced by the capital's structure, while expressing performance by financial rate of return, EPS, Market Book Ratio indicates a negative influence on the financial performance of the capital structure.

3. Study on the Economic Rate of Return and Financial Profitability Rate (Financial Rate of Return) analysis in Du Pont system, for the companies listed and traded on BSE in the period 2006-2013

3.1. Research Context

This paper uses the quantitative empirical analysis of companies which, according to NACE revision 2, have the business line in industry and construction, and have been listed and traded on the Bucharest Stock Exchange, BSE section, categories I; II; III during 2006-2013. Industry includes mining and quarrying, manufacturing, electricity, gas, steam and air-conditioning supply (sections: B, C, D and E, according to NACE revision 2).

The study was based on data extracted from the financial statements of companies listed and traded on the Bucharest Stock Exchange. Financial statements are available on BSE website and the website of every company traded, under the reporting obligations of the listed companies. All calculations and graphical representation are processed by the author.

Starting with the financial year 2012, companies whose securities are admitted to trading on a regulated market, are required to apply IFRS individual annual financial statements, in accordance with the Order of the

Minister of Public Finance no.1286/2012, which led to differences between the financial statements for 2011, the initial version and restated. The corresponding financial indicators for 2011 are extracted from the accounting reporting for the year 2012, according to International Financial Reporting Standards, approved by the Ministry of Public Finance, and presented in the following as 2011r.

Starting with 2014, significant changes take place at Bucharest Stock Exchange, designed to increase the efficiency of investing at BVB. Starting January 5, 2015, comes new market segmentation, by replacing the I, II and III Tiers with the Premium and Standard Tiers. Shares that do not met the requirements for Premium Tier and financial instruments currently admitted to Tier 2 and 3 will be automatically admitted to the Standard Tier. Considering this changes and comparability criteria, the research on the evolution of the financial performance of companies listed and traded on the Bucharest Stock Exchange, takes into consideration the year 2013 as the last period for analysis.

3.2. Objectives of the research

The main objective of the research was to identify which factors have the strongest influence in increasing economic and financial performance. Once identified these factors, the secondary objectives are focused on providing a package of financially-based proposals, towards the management of listed companies, to improve economic and financial performance and identifying the type of factors with the greatest influence depending on the general economic context.

3.3. Study on the Economic Rate of Return analysis in Du Pont system, for the companies listed and traded on BSE in the period 2006-2013

3.3.1. Research Methodology

In the Economic Rate of Return analysis in Du Pont system we used the relationship for calculating the Economic Rate of Return (Err):

$$Economic\ Rate\ of\ Return\ = \frac{Net\ profit}{Total\ assets}$$
$$= Net\ profit\ margin * Rotation\ Rate\ of\ the\ Total\ Assets$$

Economic Rate of Return analysis of variance was done for each successive period of two years, t_0 and t_1 during 2006-2013, for companies which in both years analyzed (t_0 and t_1) reported profit. To analyze the causes that have generated economic return variance, chain- based factorial substitution was applied, according to the theoretical model:

$$\Delta\ Err= Err_1 - Err_0$$

Factorial influences that can be explained from the quantitative perspective (by margin rates) and qualitative perspective (the rates of rotation and structure), the return on invested capital, were determined according to:

➢ factorial modification due to Net Profit modification:

$$\Delta\ Err_{Npm}= (Npm_1 - Npm_0)*Rrta_0$$

➢ factorial modification based on the modification of the Rotation Rate Of The Total Assets

$$\Delta\ ERR_{Rrta}= Npm_1*(Rrta_1 - Rrta_0)$$

Factorial changes are analyzed both in absolute and in relative terms, as a percentage of the total change.

3.3.2.1. Analysis and Results

The number of companies with profit in each period t1-to varied, from one period to another, its evolution being shown in figure 1.

Figure 1 Evolution of companies with profit in two consecutive years in the period 2006-2013
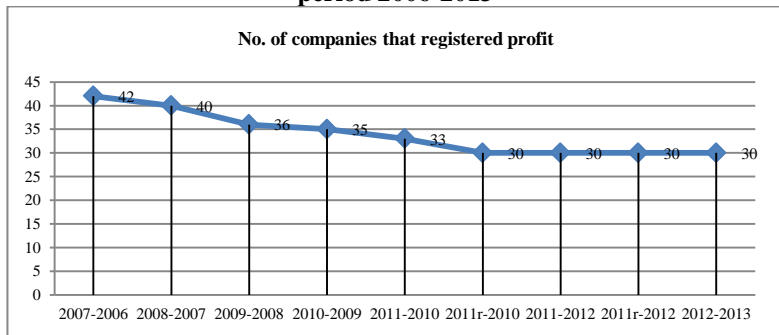
Source: own processing, according to the annual statements of the companies listed and traded on BSE, during 2006-2013, available on www.bvb.ro

During 2006-2013, there was a steady decline in the number of companies with profit in two consecutive years (each time t_1-t_0), registering an average annual rate of decline of 5.43%. The strongest drop of 10% in the number of companies registering profit during t_1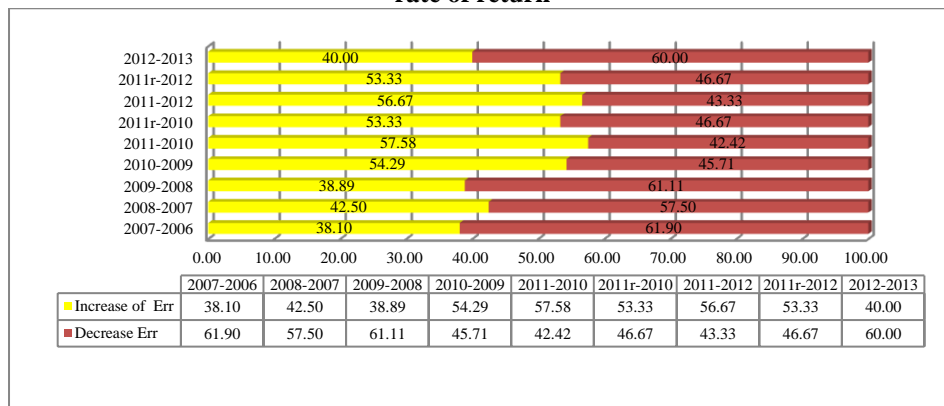-t_0 occurred in 2009-2008, as compared with 2008-2007. For the companies that, in each of the t_1-t_0 reported profit, we calculated the share of companies where the economic rate of return was influenced positively or negatively by the net profit margin and rotation rate of the total assets, registering increases or decreases, the results being shown in figure 2.

Figure 2 Evolution of the companies according to the variation of the Economic rate of return

	2007-2006	2008-2007	2009-2008	2010-2009	2011-2010	2011r-2010	2011-2012	2011r-2012	2012-2013
■Increase of Err	38.10	42.50	38.89	54.29	57.58	53.33	56.67	53.33	40.00
■Decrease Err	61.90	57.50	61.11	45.71	42.42	46.67	43.33	46.67	60.00

Source: own processing, according to the annual statements of the companies listed and traded on BSE, during 2006-2013, available on www.bvb.ro

Of all the companies that have made a profit in both years of successive periods analyzed, the share of companies that have registered increases in economic rate of return was up from 38% in 2006-2007, to 53% in the 2011r-2012, followed by a decrease from 40% in 2012-2013. The companies that have experienced decrease in the economic rate of return have decreased from 61% in 2006-2007 to 46% in the 2011r-2012, followed by a further increase in 2012-2013. Most companies have experienced decreases of the Economic Rate of Return in 2008-2009.

A comparative analysis of the causes that determined Economic Rate of Return growth in all periods except 2009-2010, a higher percentage of all
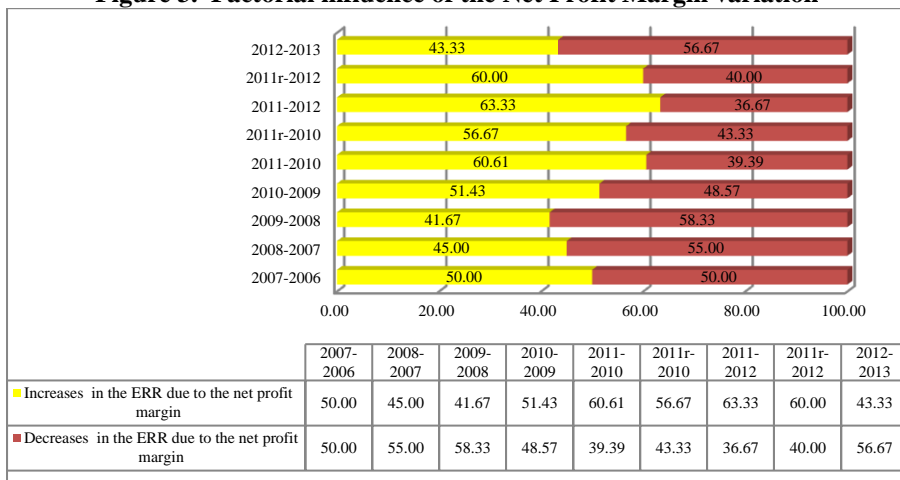
companies was positively influenced by the variation in net profit margin, as compared to the percentage of companies that have been positively affected by the rotation rate of total assets.

In 2009-2010, 57% of companies recorded growth of the economic rate of return variations due to the rotation rate of the total assets, compared to 51% of companies that have experienced growth of the Economic Rate of Return due to variation of net profit margin. At the same time, the negative influence of the variation of net profit margin was stronger than the negative influence of the rotation rate of the total assets, 48% of companies registering lower Economic Rate of Return due to the net profit margin, compared with 42% of companies that have experienced decline in the rotation rate of the total assets.

However, the influences of the two factors do not differ significantly, with an average of 8% variation in the percentage of companies that recorded increases or decreases in the Economic Rate of Return due to the net profit margin and the rotation rate of the total assets. The biggest difference between companies that were positively affected by a factor was in 2008-2009, when the number of companies that have benefited from increased Economic Rate of Return due to the net profit margin was 19 percentage points higher than the companies where the rotation rate of total assets generated increased Economic Rate of Return. Net profit rate margin variation influence on the economic profitability rate is shown in figure 3.

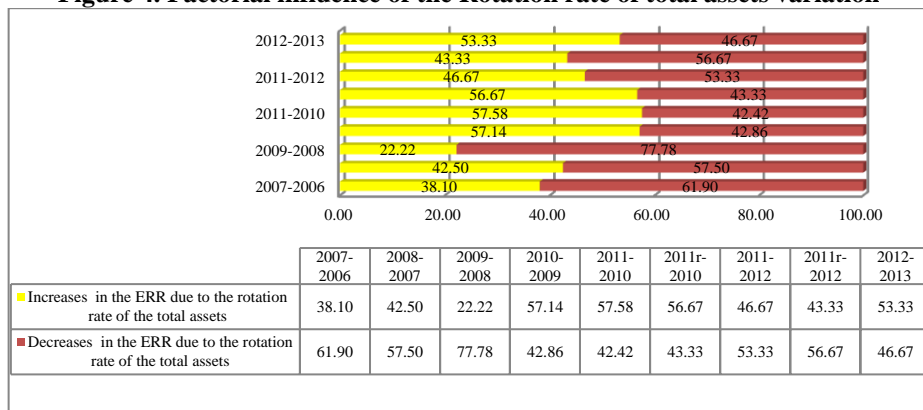**Figure 3. Factorial influence of the Net Profit Margin variation**

	2007-2006	2008-2007	2009-2008	2010-2009	2011-2010	2011r-2010	2011-2012	2011r-2012	2012-2013
▢ Increases in the ERR due to the net profit margin	50.00	45.00	41.67	51.43	60.61	56.67	63.33	60.00	43.33
▢ Decreases in the ERR due to the net profit margin	50.00	55.00	58.33	48.57	39.39	43.33	36.67	40.00	56.67

Source: own processing, according to the annual statements of the companies listed and traded on BSE,
during 2006-2013, available on www.bvb.ro

Net profit margin had a positive influence, especially after 2009, when over 50% of companies have had increased Economic Rate of Return due to the variation in Net profit margin.
In the 2006-2009 period and in 2013, the variation in net profit margin caused the decrease of Economic Rate of Return for more than 50% of companies. The positive influence of the variation of net profit margin was recorded in 2011-2012, when over 60% of firms that have experienced growth of Economic Rate of Return, the enhancer factor was the net profit margin.
The influence of the rotation rate of total assets' variation on economic profitability rate variation is shown in figure.4

Figure 4. Factorial influence of the Rotation rate of total assets variation

	2007-2006	2008-2007	2009-2008	2010-2009	2011-2010	2011r-2010	2011-2012	2011r-2012	2012-2013
▪ Increases in the ERR due to the rotation rate of the total assets	38.10	42.50	22.22	57.14	57.58	56.67	46.67	43.33	53.33
▪ Decreases in the ERR due to the rotation rate of the total assets	61.90	57.50	77.78	42.86	42.42	43.33	53.33	56.67	46.67

Source: own processing, according to the annual statements of the companies listed
and traded on BSE,
during 2006-2013, available on www.bvb.ro

Rotation rate of the total assets had a stronger positive influence in 2009-2011, when over 50% of the companies that registered of the Economic Rate of Return did this due to the variation of rotation rate of total assets. In the period 2009-2008, the decrease of Economic Rate of Return was made in 77% of cases, on the account of the rotation rate of total assets.

In conclusion, in the period 2006-2013, there could be noticed the decrease of companies registering profit in two consecutive years. Although, overall the number of such companies has been increasingly reduced, during 2006-2009 and 2012-2013*,* the share of companies that have registered increases of Economic Rate of Return was lower than the share of companies that registered decreases of Economic Rate of Return. In most cases the change in net profit margin being the factor that most positively influenced companies.

3.4. Study regarding the Financial Profitability Rate (Financial rate of return) in Du Pont system, for the companies listed and traded on BSE, during 2006-2013
3.4.1. Research Methodology
In the analysis of the Financial Rate of Return (Frr) in Du Pont system the following relation was used:

$$Financial\ Rate\ of\ Return\ = \frac{Net\ profit}{Capital\ invested}$$
$$= \frac{Net\ profit}{Turnover} \times \frac{Turnover}{Capital\ invested} \times \frac{Capital\ invested}{Equity}$$

$$FRR = Mpn*Rra*Fmcp$$

Where: Mpn- Net profit margin,   Rra-Rotation rate of total assets, Fmcp- Equity multiplier factor

$$\Delta\ FRR = FRR_1 - FRR_0$$

Factorial change on the account of changing the net profit margin
$$\Delta\ FRR_{Mpn} = (Mpn_1 - Mpn_0)*Rra_0*Fmcp_0$$
Factorial change on the account of changing the Rotation rate of total assets
$$\Delta\ FRR_{Rra} = Mpn_1*(Rra_1 - Rra_0)*Fmcp_0$$
Factorial change on the account of changing the Equity multiplier factor
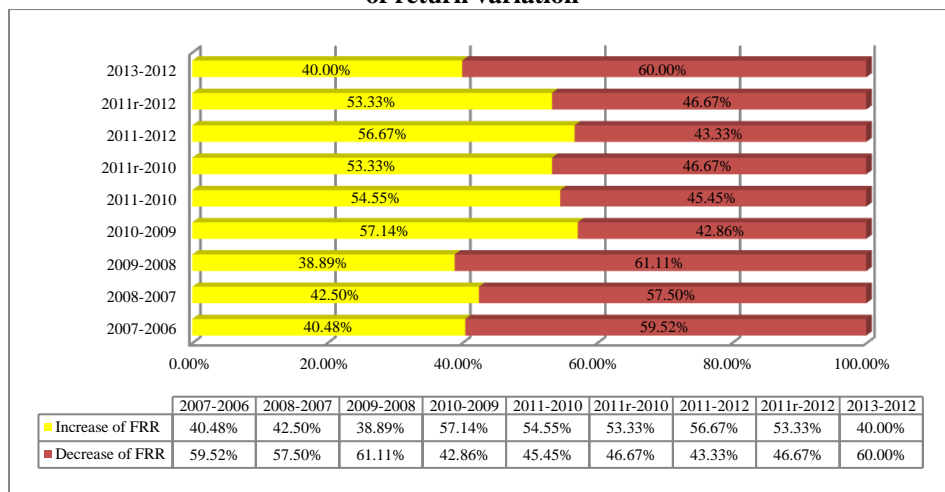$$\Delta\ FRR_{Rra} = Mpn_1*Rra_1*(Fmcp_0 - Fmcp_1)$$

Economic rate of return variance analysis was done for each successive period of two years, t_0 and t_1, the period 2006-2013, for companies which in both years analyzed (t_0 and t_1) had profit. Factorial changes were analyzed both in absolute and in relative terms, as a percentage of the total of the change. For companies which in each of the t_1-t_0 periods reported profit, we calculated the share of companies where the financial profitability rate was influenced positively or negatively by the net profit margin, the rotation rate of total assets, respectively the turnover multiplication factor registering increases or decreases.

3.4.2. Analysis and Results
Although during the period 2006-2013, the proportion of companies that had profit was down, as for the economic rate of return, the share of companies that have registered increases in financial rate of return was increasing, from 40% in 2006-2007 to 54% in 2011-2012, followed by a decrease down to 40%, between 2012-2013. The strongest increase (57,14%)

in the share of companies that have registered increases in Financial rate of return was 2009-2010.

Figure 5 Evolution of the number of companies depending on the Financial rate of return variation

	2007-2006	2008-2007	2009-2008	2010-2009	2011-2010	2011r-2010	2011-2012	2011r-2012	2013-2012
Increase of FRR	40.48%	42.50%	38.89%	57.14%	54.55%	53.33%	56.67%	53.33%	40.00%
Decrease of FRR	59.52%	57.50%	61.11%	42.86%	45.45%	46.67%	43.33%	46.67%	60.00%

Source: own processing, according to the annual statements of the companies listed and traded on BSE,
during 2006-2013, available on www.bvb.ro

Unlike the factorial influences of Economic Rate of Return, there cannot be established a dominant factor that would have had a stronger influence in the case of Financial rate of return, contributing to the decrease or increase in Financial rate of return.

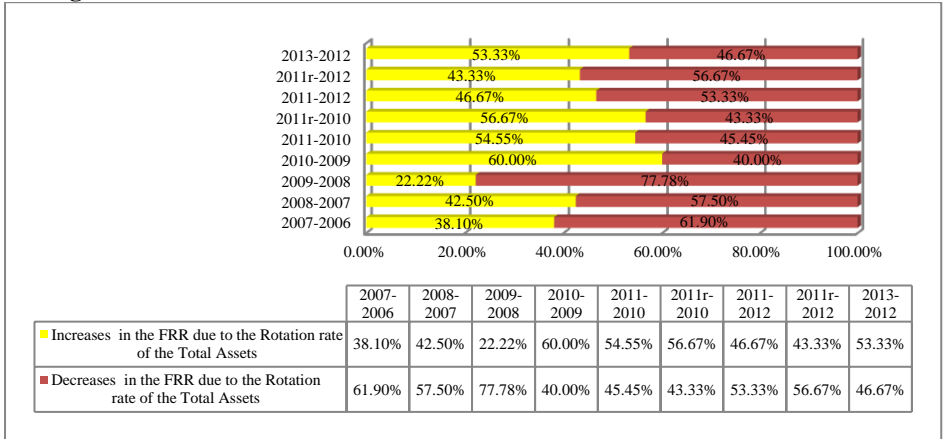**Figure 6. Factorial influence of the Net profit margin variation of Financial rate of return**
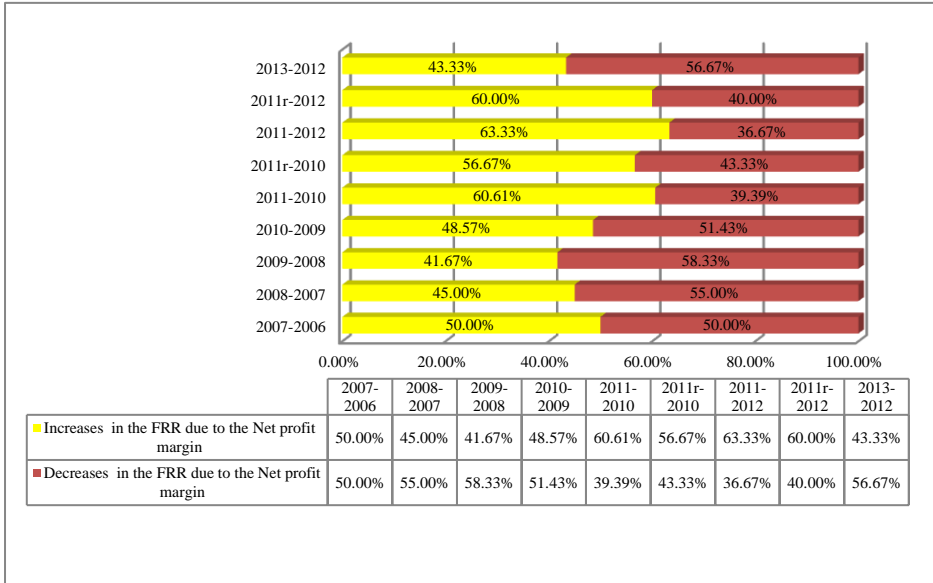
	2007-2006	2008-2007	2009-2008	2010-2009	2011-2010	2011r-2010	2011-2012	2011r-2012	2013-2012
■ Increases in the FRR due to the Net profit margin	50.00%	45.00%	41.67%	48.57%	60.61%	56.67%	63.33%	60.00%	43.33%
■ Decreases in the FRR due to the Net profit margin	50.00%	55.00%	58.33%	51.43%	39.39%	43.33%	36.67%	40.00%	56.67%

Source: own processing, according to the annual statements of the companies listed and traded on BSE,
during 2006-2013, available on www.bvb.ro

Net profit margin had a positive influence, helping to increase the Financial Rate of Return of over 50% of companies in the periods 2006-2007 and 2010-2012. The negative impact of net profit margin was stronger in 2008-2010, and 2015, when over 50% of the companies registered decreases in the Financial Rate of Return due to the Net profit margin.
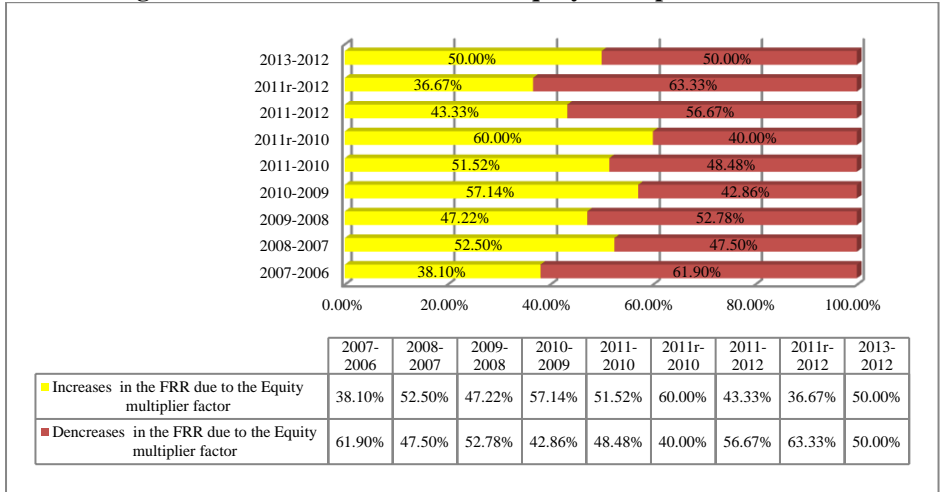
Figure 7 Factorial influence of the Rotation Rate Of Total Assets variation

	2013-2012	2011r-2012	2011-2012	2011r-2010	2011-2010	2010-2009	2009-2008	2008-2007	2007-2006

(bar chart)

	2007-2006	2008-2007	2009-2008	2010-2009	2011-2010	2011r-2010	2011-2012	2011r-2012	2013-2012
Increases in the FRR due to the Rotation rate of the Total Assets	38.10%	42.50%	22.22%	60.00%	54.55%	56.67%	46.67%	43.33%	53.33%
Decreases in the FRR due to the Rotation rate of the Total Assets	61.90%	57.50%	77.78%	40.00%	45.45%	43.33%	53.33%	56.67%	46.67%

Source: own processing, according to the annual statements of the companies listed and traded on BSE,

during 2006-2013, available on www.bvb.ro

The positive influence of the Rotation Rate Of Total Assets variation manifested strongest during 2009-2011 and 2012-2013, when over 53% of companies recorded increases of the Financial Rate of Return due to Rotation Rate Of Total Assets. In the period 2006-2009, between 60% and 77% of companies have experienced decreases of the Financial Rate of Return because of the Rotation rate of Total Assets variation. In 2011-2012 there was an increase of the negative influence of Rotation Rate Of Total Assets variation, the share of companies that have experienced decreases of the Financial Rate of Return on the account of Rotation rate of total assets variation being higher than the share of companies that have registered increases in the Financial Rate of Return due to the Rotation rate of total assets variation.

Figure 8 Factorial influence of the Equity Multiplier Factor's variation

	2007-2006	2008-2007	2009-2008	2010-2009	2011-2010	2011r-2010	2011-2012	2011r-2012	2013-2012
☐ Increases in the FRR due to the Equity multiplier factor	38.10%	52.50%	47.22%	57.14%	51.52%	60.00%	43.33%	36.67%	50.00%
☐ Dencreases in the FRR due to the Equity multiplier factor	61.90%	47.50%	52.78%	42.86%	48.48%	40.00%	56.67%	63.33%	50.00%

Source: own processing, according to the annual statements of the companies listed
and traded on BSE, during 2006-2013, available on www.bvb.ro

The positive influence of the Equity Multiplier Factor variation was stronger during 2009-2010-2011, when 57% and 60% respectively of companies have registered growth of the Financial Rate of Return on the account of this factor. In 2006-2007 and 2011r-2012, the Equity Multiplier Factor's variation had a negative influence in 61% and 63% of cases, compared with the positive impact recorded in 38%, respectively 36% of cases.

Addressed comparatively, per years, we summarized in table 1 the strongest influences on Financial Rate of Return, for each period, by the three factors Net profit margin, Rotation rate of total assets and Equity Multiplier Factor, choosing the factor for each period according to the highest percentage of companies affected positively or negatively.

Tabel 1. The most powerful influences on Financial rate of return, for each period, of Net profit margin, Rotation rate of total assets and Equity multiplier factor

Period t_1-t_0	Most companies registered growth of the Financial Rate of Return due to	Most companies registered decreases of the Financial Rate of Return due to
2007-2006	Net profit margin	Rotation rate of total assets - Equity multiplier factor
2008-2007	Equity multiplier factor	Rotation rate of total assets
2009-2008	Equity multiplier factor	Rotation rate of total assets
2010-2009	Rotation rate of total assets	Net profit margin
2011-2010	Net profit margin	Equity multiplier factor
2011r-2010	Equity multiplier factor	Net profit margin - Rotation rate of total assets
2011-2012	Net profit margin	Equity multiplier factor
2011r-2012	Net profit margin	Equity multiplier factor
2012-2013	Rotation rate of total assets	Equity multiplier factor

Source: own processing, according to the annual statements of the companies listed and traded on BSE,
during 2006-2013, available on www.bvb.ro

In 50% of the analyzed periods, most companies have registered increases of the Financial Rate of Return due to the Net profit margin, the factor with the most positive influence.

In conclusion, we can say that for the Financial Rate of Return, the strongest positive influence manifested in most cases, was recorded for the Net Profit Margin.

4. Conclusions

During 2006-2013, there was a steady decline in the number of companies with profit in two consecutive years (each t_1-t_0 period), registering an average annual rate of decline of 5,43%. The most significant drop, of 10% in the number of companies registering profit during t_1-t_0 periods were in 2009-2008, as compared with 2008-2007.

Of all companies that had profit in both years of the successive periods analyzed, the percentage of companies that have registered increases in Economic Rate of Return was increasing: from 38% of companies in 2006-2007, to 53% in 2011r-2012, followed by a decrease from 40% in 2012-2013.

Although increasing, the share of companies that have experienced economic growth of the Rate of Return had a sinusoidal evolution, with decreases during 2009-2008, 2011r-2010. The number companies that registered decreases in the Economic Rate of Return have decreased from 61% in 2006-2007 to 46% in 2011r-2012 followed by a further increase in 2012-2013. Most companies have had decreases of the Economic Rate of Return during 2009-2008.

Making a comparative analysis of the causes that increased the Economic Rate of Return in all periods except 2009-2010, a higher percentage of all companies was positively influenced by the variation in Net Profit Margin, compared to the percentage of companies that have been positively affected by the Rotation Rate of Total Assets. However, the influences of the two factors do not differ significantly, with an average of 8% variation in the number of companies that have experienced increases or decreases in the Economic Rate of Return on the account of the Net Profit Margin and the Rotation Rate of Total Assets.

In the period 2006-2013 there has been the decrease of companies with profit companies in two consecutive years. Although, in absolute amount the number of such companies has been increasingly reduced, the share of companies that have registered increases of the Economic Rate of Return was higher than that of the companies that registered decreases of Economic Rate of Return, in all cases, except for the period 2010-2009, the change in Net Profit Margin being the factor that most positively influenced companies.

Although during the period 2006-2013, the proportion of companies that had profit was down, the share of companies that have registered increases in the Financial Rate of Return was increasing, from 40% in 2006-2007 to 54% in 2011r-2012, followed by a decrease down to 40%, between 2012-2013. The strongest increase (57,14%) in the share of companies that have registered increases in Financial Rate of Return was 2009-2010. The previous period, 2009-2010 was the period with the largest increase in the share of companies that have experienced a decline in the Financial Rate of Return.

Unlike the case of factorial influences of Economic Rate of Return , in the case of Financial Rate of Return there cannot be established which dominant factor has had a stronger influence, contributing to the decrease or increase in Financial rate of return. Synthesizing the strongest influences on Financial Rate of Return for each period, by the three factors Net Profit Margin, Rotation Rate Of Total Assets and Equity Multiplier Factor, choosing

the factor for each period according to the highest percentage of companies affected positively or negatively, in 50% of the analyzed periods, most companies have registered growth of the Financial Rate of Return due to Net Profit Margin with the highest positive influence. In 37,5% of the analyzed periods, most companies registered decreases of the Financial Rate of Return due to Equity Multiplier Factor. We may state that with regard to Financial Rate of Return, the strongest positive influence manifested in most cases was recorded for the Net Profit Margin**.**

Based on the analyzes performed we may conclude that companies traded on BSE in industry and construction have experienced, in the period 2006-2013, a constant depreciation of financial performance from the perspective of rates of return, without being able to identify a post-crisis recovery time.

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