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Romanian enterprises behaviour in the process of improvement of economic and financial disclosure quality

Abstract

Introduction. This research is focused on the quality of financial and non-financial reporting of Romanian companies. Regarding Romanian companies, the lack of transparent information is visible compared to other EU member states. In Romania, it is common practice to keep some information on financial and economic results obtained secret, and requests to communicate the information to partners are not commonly encountered.

The objective of our case study is focused on the analysis of the quality disclosure in reporting based on a sample of 70 companies from Romania which were investigated by means of a questionnaire consisting of 17 questions in 2011-2016. The first part of the questionnaire includes questions regarding the importance of volunteering disclosure and contribution of information in the reporting company in relation to the interests of company reporting. The second part consists of 8 questions about internal data and information of the company and the sector in which it operates.

Results. The findings concerning the reporting of financial and accounting information indicate that more than one half of the surveyed companies reported additional financial accounting information.

Regarding the attitude of the analysed companies towards the appropriateness of introducing a management report which will include a breakdown of information provided through financial reports, most of the companies, first of all those micro and small ones, were reticent and gave negative answers.

Considering the behaviour shown by the analysed companies, we found slight differences between the features considered important for different types of users of accounting information. For managers, the most important feature was relevant and accurate representation. Investors and shareholders, as well as managers, are also interested in relevant and accurate representation. Long-term creditors show a slightly higher interest for verifiability, comparability and accuracy of representation.

Conclusion. Advanced disclosure quality of both qualitative and quantitative information in reporting is of high significance for modern Romanian business. With this regard, we created the drawing prerequisites of an efficient model of disclosure. The proposed procedure, which includes qualitative and quantitative information, can influence the quality of reporting including the events and transactions registered after reporting (IAS 10), changes in the policies and accounting errors (IAS 8), peculiarities occurring during the assessment and communication of the value of intangible or tangible assets, the difference between the market value of the company and its book value, the presence of fictitious assets, the presence of fair value or optional fair value for financial instruments, etc.

Keywords: Disclosure Quality; Financial and Non-financial Reporting; IAS/IFRS; European and National Accounting Regulations

JEL Classification: M41; M48

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Поведінка підприємств із Румунії в процесі підвищення якості розкриття економічної та фінансової інформації

Анотація. Роботу присвячено процесу підвищення якості фінансової та нефінансової звітності румунських компаній. Незважаючи на ряд досліджень зазначеного питання, вчені не змогли визначити відповідні показники, що можуть знайти широке застосування в академічному та професійному середовищі. У статті зроблено огляд актуальних показників, запропонованих різними рейтинговими агентствами й фінансовими аналітиками. У ході проведеного емпіричного дослідження означені показники були виправлені або відкориговані авторами цієї статті.

Ключові слова: якість розкриття інформації; фінансова та нефінансова звітність; МСБО/МСФЗ; європейські та національні стандарти фінансової звітності.

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Поведение предприятий из Румынии в процессе повышения качества раскрытия экономической и финансовой информации

Аннотация. Данная работа посвящена процессу повышения качества финансовой и нефинансовой отчетности румынских компаний. Несмотря на тот факт, что существует ряд исследований в отношении вышеуказанного вопроса, ученые не смогли определить соответствующие показатели, которые могут найти широкое применение в академической и профессиональной среде. В статье рассматриваются показатели, предложенные различными рейтинговыми агентствами и финансовыми аналитиками. В ходе проведенного эмпирического исследования обозначенные показатели были исправлены либо откорректированы авторами данной статьи.

Ключевые слова: качество раскрытия информации; финансовая и нефинансовая отчетность; МСБУ/МСФО; европейские и национальные стандарты бухгалтерского учета.

1. Introduction

The importance of disclosure quality (DQ) within an economic and financial disclosure process becomes increasingly noticeable, given that its role is to contribute to «smoothing» information asymmetry between the entity that transmits or reports economic and financial information and the shareholders with different interests in this respect. The latter, even though they have no access to the direct source of information, are interested in the results of the entity's reporting, especially in its performance.

Firstly, considering the fact that a number of financial indicators are considered to be indispensable, to evaluate the company's performance, the related indicators which one can find in all models of performance measurement of the company, should be addressed in a manner which takes into account changes occurring in the International Accounting Standard Board with regard to the mandatory application of the new standards IAS/IFRS by companies listed on a regulated market of the EU, or Directive No. 34 of the EEC harmonised with EU countries' national accounting regulations for unlisted companies, since there are situations where they do not reflect a full potential to participate to the creation of the performance.

Secondly, rethinking and redefining the qualitative characteristics of the information included in financial reporting within the new conceptual IASB framework versus the old one, based on two accounting principles considered to be fundamental in evaluating the elements of the financial statements of the reporting entity, may lead or may directly influence the information transmitted to the external environment. Therefore, we cannot ignore these aspects considered essential for a primordial research, because the impact is felt at the level of the empirical research.

Changing and establishing a new hierarchy of these qualitative characteristics, which are related to the economic and financial information, clearly contributes to a change of information culture for reporting entities as well as shareholders, an issue that is difficult to analyse given that the effects will be felt by both sides.

The most significant difficulty in improving the disclosure process is that, a lack of meaningful information from an accounting perspective at the level of the financial reporting in terms of quantity and quality will remain an open question no matter how rigorously economic and financial indicators are determined/measured, as long as the those involved in the disclosure process are insensitive to issues raised by academicians and practitioners.

Thus, reporting companies in our country, which are characterised by a wide geographical spread, are subject to our research. In this context, our attention will be focused mainly on the creation and disclosure of value. Basically, interests of shareholders are considered to be protected if the value created by the reporting entity is distributed among all the subjects who contributed directly or indirectly to its generation.

While interacting with stakeholders, the company can adopt a manipulative behaviour trying to persuade them to take decisions consistent with management objectives. Therefore, there may be situations of bad disclosure of the company, oriented to influence the perception of the users of economic information, either directly by manipulating financial statements or indirectly by manipulating other communicated information. The ultimate goal is to avoid the manipulations which occur through the improvement of the content of the information, or amendment the «impression» conveyed to create a more favourable perspective, or the so-called self-interested view of the concept of performance of the company (Beattie and Jones, 1992).

2. The limits of current approaches by analysing the current state of knowledge related to the disclosure level

Since the 1960s, a growing number of companies have been developing their own disclosure strategies, based on «broadcasting time», which is the reduction of time to report information in response to requests from the external environment (Cohende and Llerena, 1990).

In today's economic environment, financial disclosure is not complete and transparent information still cannot be fully achieved. Financial disclosure has sparked interest of the French academic environment. Definitions found in scientific literature is quite heterogeneous, for example those suggested by Capron and Quairel, 2006; Cormier and Magnan, 2003 and Escoffier, 2003. Some definitions describe a mix between financial advertising, financial information and financial disclosure. Also, French authors support the idea that economic and financial disclosure has its origin in the first wave of privatisation of the mid-1980s (Agnello and Pierce, 1996; Guimard, 1995). Raking limits proposed by researchers and failure to appreciate the multidimensional DQ has led to the need to discover its importance and pragmatic role in both research development and the pursuit of knowledge.

In this limited framework of economic and financial disclosure at the level of the economic entity, quality disclosure plays an essential role. In most studies on quality disclosure, there are divergent views, which through various methodological

approaches or empirical studies, support totally incompatible positions, namely, which are listed below.

There are several studies that emphasise the function of information and knowledge disclosure oriented towards various subjects who aim at many interests based on the economic performance of the reporting entity (Provasoli, 1989; Hlaciuc, Mates, Grosu and Socoliuc, 2013; Mot et. al., 2014). At the same time, it was presented how economic and financial disclosure influence the behaviour of the involved subjects, leading to their decisions, actions or inactions, depending on the content of the message transmitted (Cattaneo and Manzonetto, 1992; Azzali and Mazza, 2013; 2015).

The international scientific literature describes the so-called *decision-usefulness approach* defining an essential tool in providing useful information to substantiate decision-making subjects (Grosu, 2013). According to this approach, the significance of information should be determined by its usefulness and ability to satisfy the recipients of the conveyed message, i.e. information needs expressed by the recipients. Basically, information becomes important when it is able to make a difference in conditioning the decision making process by shareholders, owing to which they possess predictive value (IASB, 2010). In view of the facts mentioned above, the opinions expressed by the authors of the present research do not appear to be incompatible. A synthesis of the two illustrated cases show that they both have a common denominator to reduce the information asymmetry that exists between those who benefit from economic and financial disclosure, with regard to decision making purposes and persons in charge of distributing or transmitting information (Gao, 2012).

The importance of the disclosure quality is essential when increasing asymmetry between entities that are required to submit economic and financial information to shareholders who do not have direct access to the source of information and are interested in economic results of the company's management (Francis, Nanda and Olsson, 2008). A higher quality of disclosure involves an advantage knowledge held by the issuer of the information against its receiver and at the same time favourable to a specific type of behaviour for both categories (Mihaila and Grosu, 2017).

Quality disclosure has become a decisive factor within the disclosure policies of companies, playing a fundamental role in their efficient growth and functioning in the market with which they interact. In fact, the importance of economic and financial disclosure derives from its very presence as an intermediary instrument between the management of the company and other participants in the market, who pay special attention to external investors. In such a case, the intensity of economic and financial disclosure is measured by increasing non-monetary information, along with accounting information (Lev, 2001). All this information can be transmitted through various ways, through formal or informal channels. Such information may be qualitative or numerical, mandatory or voluntary of financial or non-financial character. Therefore, this research emphasises the complexity of disclosure, which is guaranteed not only by mandatory information that they must report to the external environment of the company under the legislation into force, but also by the company's management discretion, depending on the objectives and strategies set by the company.

Regarding Romanian companies, the lack of transparent information is visible compared to other EU member states.

3. An analysis of the national accounting framework for companies unlisted in Romania

According to the United Nations Industrial Development Organization (UNIDO), the definition of SMEs is an important issue for policy development and implementation and depends primarily on the purpose of classification (Mahembe, 2011). In order to develop new policies, the UNIDO recommends that countries should consider quantitative and qualitative indicators for defining SMEs.

The International Labour Organization has concluded that a single definition cannot include all the dimensions of a small or medium enterprise, as it cannot reflect the differences between companies, sectors and countries at different levels of development (Walton, Haller and Raffournier, 2003).

In 1996, the European Commission adopted a recommendation (96/280/EC) that established the first official definition of SMEs. This definition was applied throughout Europe. On 6 May 2003, the Commission adopted a new recommendation, taking into account the economic development since 1996 (Centre for Strategy and Evaluation Services).

As regards the needs financial reporting, the small and medium enterprises have a lot of costs and benefits associated with the financial statements. The costs relate primarily to the preparation of reports. The cost of producing financial statements usually depends on the size of the company, which is commensurate with the size for small companies (Harvey and Walton, 1996; Jarvis, 2003; Mates, Puscas, Ursachi and Ajtay, 2016).

The benefits are related to monitoring and decision-making after a close analysis of the financial statements. Businesses and users of the economic-financial information benefit from higher benefits if the monitoring and decision making financial situation is done efficiently and effectively. If the benefits outweigh the costs, this means that the rules and regulations related to financial reporting are idyllically imposed (John and Heale, 2000). All companies, regardless of their size, are bound by statutory rules of the country in which they operate to prepare financial statements according to the specified set of accounting principles. Most of the accounting regulatory systems recognise the differences between large and small companies or between listed and unlisted companies in the market (Devi, 2003; Bogdan, Mates and Domil, 2017).

At the international level, Canada, the UK and Australia have differentiated reporting systems for SMEs. South Africa does not have a differentiated financial reporting system, however small and medium enterprises have been able to use IFRS for SMEs as an alternative to standard IFRS since 2010 (Horton, Serafeim and Serafeim, 2014). Many countries have exempted small companies from the statutory audit, for example private companies in the United States have an opportunity to submit abbreviated reports with low disclosure of information. The existence of a differentiated regime for financial reporting should not be developed and implemented only to reduce the cost of producing them, but to make useful reports for users of accounting information (Collis, Dugdale and Jarvis, 2001; Walton, Haller and Raffournier, 2003; Saudagaran, 2009).

Currently, SMEs in Romania apply to the national regulations stipulated by Order No. 1802 of 29 December 2014 in terms of the disclosure of financial and accounting information, which is the approval of accounting regulations on the annual individual and consolidated financial statements, regarding the annual financial statements (Order 1802/2014 repealed Order 3055/2009 approving the Accounting Regulations compliant with European Directives). As a result, in terms of financial disclosure with the international environment, SMEs often have difficulties caused by misunderstanding the accounting system from the part of potential investors or difficulties in data comparability. For instance, many managers of SMEs operating outside of Romania said that one of the problems they face in finding foreign investors or when they enter into an international contract/partnership is the reporting of differentiated economic information, because the financial statements are not understood nor reliable for those whom they are intended.

Another direction in terms of differentiated reporting of SMEs in Romania consists in implementing International Financial Reporting Standards for SMEs, as they were issued by the IASB. In the actual mandatory economic and financial disclosure market in Romania (financial information), we can say that the real needs of users of information are different from those provided by the IFRS for SMEs. We make a distinction between what is intended and what should be sought after international reference standards in terms of economic disclosure.

We can say with certainty that the main external user of information in the financial statements of SMEs is the State that performs the functions of tax collection and revenue sharing. Providing information is a mandatory way of disclosure with the external environment of enterprises. Through its regulated institutions, the State calls monthly, quarterly, half yearly and annually for statements and various reports to ensure accuracy, reliability and comparability of the information provided.

4. A case study analysis of the quality disclosure within the Romanian companies

The objective of our case study is focused on the analysis of the quality disclosure based on a sample of 70 companies from Romania which were investigated by means of a questionnaire consisting of 17 questions in 2011-2016. The first part of the questionnaire includes questions regarding the importance of volunteering disclosure and contribution of information in the reporting company in relation to the interests of company reporting. The second part consists of 8 questions which are focused on internal data and information of the company and the sector in which it operates. According to some domestic authors (Malciu, 1998), third parties who enter into business relationships with small and medium enterprises «do not show interest in accounting information» and do not seem to be very interested in the financial reports of the partners. In Romania, it is common practice to keep some information on financial and economic results obtained secret, and requests to communicate the information to partners are not commonly encountered.

On the basis of the obtained responses, we preceded in ranking of the quality indicators of the financial accounting information (such as adjustments, reserve and other items that were relevant to the basic research), non-financial information and other data and important information in terms of the research, which was useful to the companies that completed the questionnaire.

Considering the results obtained in our analysis, according to the needs of the reporting companies, we created the drawing prerequisites of an efficient model of disclosure. The proposed procedure, which includes qualitative and quantitative information, can influence the quality of reporting including the events and transactions registered after reporting (IAS 10), changes in the policies and accounting errors (IAS 8), peculiarities occurring during the assessment and communication of the value of intangible or tangible assets, the difference between the market value of the company and its book value, the presence of fictitious assets, the presence of fair value or optional fair value for financial instruments, etc.

In the Table 1 we present the results of the study based on the sample of 61 reporting entities in Romania.

After analysing the sample in terms of size of the enterprises, we find that the distribution is relatively balanced. We believe that this distribution is advantageous for this study as one of its objectives is to identify the main differences between various categories of businesses, which are micro, small, medium-sized and large businesses.

The results concerning the reporting of financial and accounting information indicate that more than one half of the surveyed companies (52.46%) reported additional financial information (Figure 1).

As regards the attitude of each category of the enterprises, we have found that the vast majority of those who answered yes to the first question are medium-sized and large enterprises (Table 2).

Regarding the attitude of the analysed companies towards the appropriateness of introducing a management report which will include a breakdown of information provided through financial reports, most of the companies were reticent and gave negative answers (53.45% did not agree) (Figure 2).



Fig. 1: Behaviour of the analysed companies in relation to the provision of additional financial information

Source: Developed by the authors

Tab. 2: Behaviour of categories of companies reporting financial-accounting additional information

Company category	1 Have you opted for reporting financial additional information in your company?		Total
	YES	NO	
Microenterprises	23.53%	26.09%	25.00%
Small-sized companies	5.88%	43.48%	27.50%
Medium-sized companies	41.18%	21.74%	30.00%
Large companies	29.41%	8.70%	17.50%
Total	100.00%	100.00%	100.00%

Source: Developed by the authors



Fig. 2: Behaviour of the analysed companies in relation to the opportunity to introduce a management report with more detailed information

Source: Developed by the authors

As can be seen, most of those who opposed additional reports are micro and small businesses (Table 3).

Regarding the study of qualitative characteristics of information in the annual financial statements, the diagram of the Figure 3 shows that the relevance and faithful representation are considered fundamental characteristics of accounting information. These are the most important from the perspective of managers, investors and shareholders.

Considering the behaviour shown by the analysed companies, we found slight differences between the features considered important for different types of users of accounting information. For managers, the most important feature was relevant and accurate representation (find the results singled out in Figure 4). Other categories of users produced similar results. Investors and shareholders, as well as managers, are also interested in relevant and accurate representation. Long-term creditors show a slightly higher interest for verifiability, comparability and accuracy of representation.

While conducting the separate analysis of qualitative characteristics from the point of view of managers, investors and shareholders, we noted that investors are interested not only in the relevance and accurate representation of information but also in the timeliness of information. This means that from the perspective of investors for accounting information is not enough to be relevant and represented exactly; they should have access to the relevant information exactly when they need it most. In conclusion, we can say that the users of accounting information are interested in the financial statements with a consistent structure which meet different requirements coming from a wide range of users.

Regarding the structure of financial statements in accordance with the national regulations, 83% of the surveyed companies believe that the new classification is optimal in the several ways (Figure 5).

Having analysed the responses of the companies on the current structure of financial

Tab. 1: Categories of analysed companies

	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Microenterprises	10	16.4	25.0	25.0
	Small-sized companies	11	18.0	27.5	52.5
	Medium-sized companies	12	19.7	30.0	82.5
	Large companies	7	11.5	17.5	100.0
	Total	40	65.6	100.0	
Missing	99	21	34.4		
Total	61	100.0			

Source: Developed by the authors

statements according to OMPF 1802/2014, namely Directive 2013/34/EU of the European Parliament and the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (dimension structure adapted for different entities), we found a satisfactory degree of positive answers.

The first category is represented by entities reporting under the new simplified regulations.

The second category of entities believes that the new structure of financial statements under Directive 2013/34/EU correlates with the type of reporting entity;

The other categories do not form a homogeneous structure, referring to the structure of financial statements which is more analytical or having better debt structure and indebtedness, or providing a better comparability and clarity of financial statements.

As for the testing of the hypothesis about the inclusion of extraordinary expenses in operating expenses affecting the outcome, our hypothesis is verified by 57% of the companies saying that the result is affected and that if there are extraordinary expenses included in operating income, they are unable to exactly define the real level of earnings, which creates a situation of asymmetric information between internal and external shareholders and makes operating expenses inconclusive.

In this regard, 31% of entities claim that differences were noted between the book value and the market value (see Table 4). Such responses were relevant to only large entities listed on BSE. Most often, this difference is associated with the presence of intangible assets not recognised and assessed in traditional reporting. In this regard, our hypothesis is verified owing to the presence of a relatively small number of large entities listed in the sample.

The attitude of companies towards the exchange of best practices regarding improvement of the quality of financial reporting is presented in Figure 6.

Our study is aimed at drawing a comparison between the turnover growth rate, the number of employees and the net income.

In order to identify the impact financial and accounting disclosures have on profitability and efficiency of enterprises, we divided the sample into two groups, i.e. a group presenting additional information and a group showing only mandatory information. For both groups we analysed the turnover growth rate, the number of employees and the net result.

We calculated the average index of evolution, which indicates how the turnover rate, the rate of development of the number of employees and the development rate of the net income grew. We have noted that the turnover growth rate increased by 16.8%, as additional reporting information led to an increased turnover. This relates to large entities where we observed a consistency in terms of the turnover growth from one year to another. The study of small entities has revealed that the turnover fluctuates significantly from period to period, which is shown in the Table 5.

Regarding the evolution of the average rate of the number of employees, the study shows that there is an increase in the number of employees by 7.61% which we can corroborate with the increased turnover growth rate.

The results obtained are opposite of those expected for indicators such as the turnover growth rate and the number of employees. We found that the group with only mandatory information showed higher average growth.

Taking into account the variables, we wanted to check whether the differences are statistically representative. Thus, we tested the variables using the T-test to determine whether the differences between the sample averages are representative or not (Table 6).

We have found out that the differences identified at the level of the three indicators are not statistically representative (Sig.> 0.05). In this respect, we want to emphasise

Tab. 3: Distribution of the companies opting to introduce additional information to complete the full set of data from the financial statements in their enterprise management reports

Company category	2 Have you considered the advisability of introducing in the annual report information to complete the full set of data from the financial statements in your company?		Total
	YES	NO	
Microenterprises	18.75%	30.43%	25.64%
Small-sized companies	12.50%	39.13%	28.21%
Medium-sized companies	43.75%	21.74%	30.77%
Large companies	25.00%	8.70%	15.38%
Total	100%	100%	100%

Source: Developed by the authors

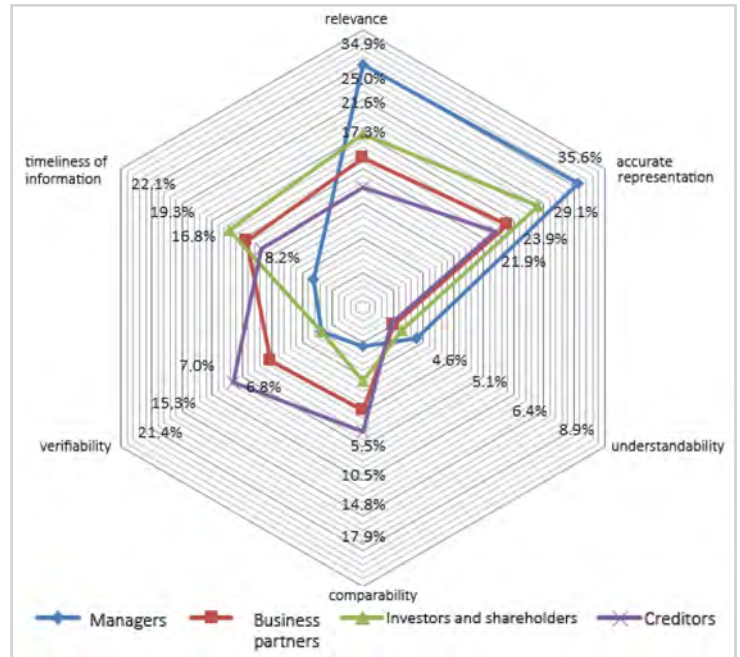


Fig. 3: The hierarchy of characteristics of financial and accounting information from the analysed companies' point of view
Source: Developed by the authors

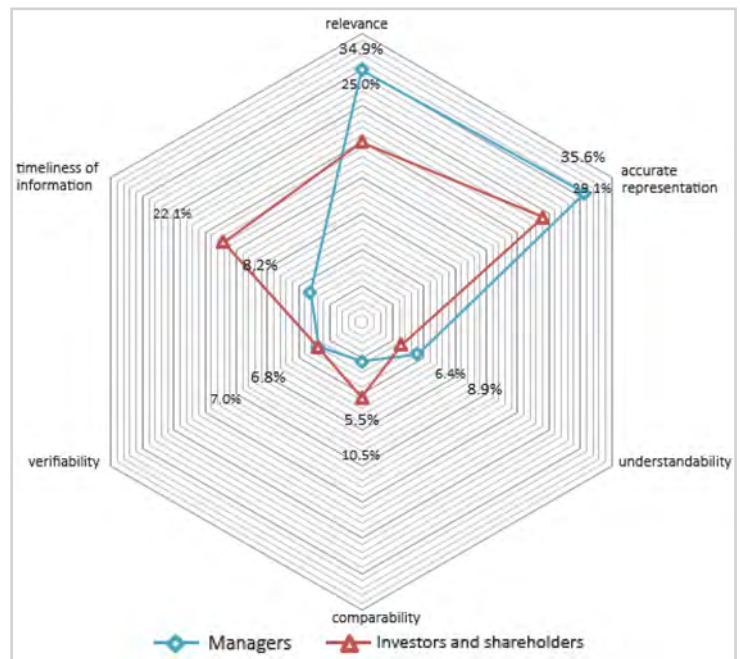


Fig. 4: The hierarchy of characteristics of financial and accounting information from the point of view of managers, investors and shareholders
Source: Developed by the authors

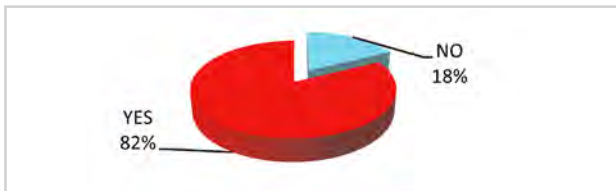


Fig. 5: The attitude of companies towards redefining quality characteristics

Source: Developed by the authors

Tab. 4: The situation with regard to the analysed companies who find that the market value of the company coincides with the book value

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	29.5	31.0	31.0
	No	40	65.6	69.0	100.0
	Total	58	95.1	100.0	
Missing		3	4.9		
Total		61	100.0		

Source: Developed by the authors

that these are the limits of our research. The research will be extended to a larger sample to check whether the findings will be confirmed or not with a larger volume of data.

We believe that optimisation economic and financial disclosure, both compulsory and voluntary, presents a special interest because decision makers can act with precision. In this regard, companies should call for the voluntary disclosure for at least two reasons: to satisfy the shareholders' demand of additional information as a result of feed-back received from them, which is justified by the failure to satisfy their information needs through publishing financial reports required by law, for example through the IAS/IFRS requirements (mandatory disclosure), and to fulfil their own goals and strategies set within them through voluntary disclosure (voluntary disclosure). For example, the publication of information can lead to attracting new investors and retain existing ones by gaining their trust and loyalty. The diversity and complexity of shareholders, as well as their individual needs, partially imposed in recent years setting of the specialised departments that aim to connect the company and the external environment allowing the centralisation of the process of information delivery.

Regarding the compulsory and voluntary disclosure and the optimisation of the reports, we assume that the conversion

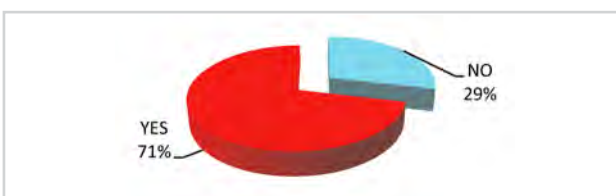


Fig. 6: The attitude of companies towards the exchange of best practices regarding improvement of the quality of financial reporting

Source: Developed by the authors

Tab. 5: Average turnover growth rate for the companies under analysis in the period of 2011-2016

	Have you opted for additional reporting financial information in your company?	N	Mean	Std. Deviation	Std. Error Mean
Average of the development index of turnover 2011-2016	Yes	10	91.3970%	185.42789%	58.63745%
	No	8	115.2062%	171.08586%	60.48799%
Average of the development index of employees 2011-2016	Yes	10	7.9030%	22.12246%	6.99574%
	No	20	5.2635%	11.84152%	2.64784%
Average of the development index of net income 2011-2016	Yes	8	200.1175%	337.85676%	119.45040%
	No	7	93.0714%	574.60693%	217.18101%

Source: Developed by the authors

from mandatory information to voluntary information must be clearly highlighted. In our opinion, an issue to be studied thoroughly is related to the regulation of price sensitive information concerning all information that can impact the decisions of investors and therefore the short and long-term shares.

In the context of price sensitive information, we must emphasise the concept of market efficiency only in terms of information. The second point that we need to refer to is represented by the subjective nature of the evaluation of inside information, or the theory of informational efficiency of capital markets that supports the effectiveness of this market depending on the amount of available information.

5. Conclusions

The annual financial statements represent a tool of mandatory disclosure, however the form and content varies depending on the context of space and time. The annual financial statements are the primary means of disclosure with investors, which is the reason why the voluntary disclosure is mainly aimed at overcoming the inherent limits of the required disclosure. It evolves and spreads to the detriment of mandatory disclosure.

We can assert that the disclosure models have evolved in this respect, the categories of information which, by virtue of the external environment changes, are comparative data from the annual financial statements. Thus, the accurate assessment and the average number of employees became mandatory items and the interim reporting and segment reporting became established practices and therefore mandatory practices (IAS/IFRS).

The categories of information which despite the changes in the external environment are still considered voluntary are the strategic/competitive information, namely perspective information, representing categories of information extremely valuable and consequently demanded by investors and subject only to voluntary reporting that can be activated or not by the entity. From this perspective, we support the idea that this information should be included in the mandatory reporting constituting a separate component thereof.

With regard to the disclosure of intangible assets, we believe that the recognition and measurement of intangible assets in the financial statements is primary. Yet, this presents considerable difficulties. In this respect, it is imposed to make an accurate evaluation of the intangible assets and their recognition in the entity's financial statements in order to know the market value of the entity especially for companies listed on stock exchanges. We support a separate evaluation of components of intangible assets and their recognition in the balance sheet, which is in the mandatory disclosure, because the intangible assets are of strategic importance to entities. Also it is necessary to make a separate assessment and recognition of intangible assets, mainly goodwill and trademarks for optimal disclosure of the value created by the entity for shareholders.

The case study has revealed that the current structure of financial statements satisfy microenterprises and small-sized companies simplifying the type of reporting, however the medium-sized companies and large-sized companies are willing to resort to voluntary disclosure in order to replace the deficiency of information from the required reporting. Consequently,

we can affirm that our hypothesis is verified by the heterogeneous interests of broad categories of information users in medium-sized and large businesses. We can also assert that voluntary disclosure is an expression of increasing heterogeneous needs of information coming from shareholders, especially in terms of medium-sized and large companies. At the level of micro and small companies, where the main users of information are the state and management and where there is strong pressure from other categories of users, the reports are mostly simplified because the state wants to encourage these two categories of entities as well.

Tab. 6: Independent Samples Test

		Levene's Test for Equality of Variances		T-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Average of the development index of turnover 2011-2016	Equal variances assumed	.409	.531	-.280	16	.783	-23.80925%	85.04684%	-204.10049%	156.48199%
	Equal variances not assumed			-.283	15.614	.781	-23.80925%	84.24457%	-202.75954%	155.14104%
Average of the development index of employees 2011-2016	Equal variances assumed	2.253	.145	.429	28	.671	2.63950%	6.15376%	-9.96591%	15.24491%
	Equal variances not assumed			.353	11.650	.730	2.63950%	7.48007%	-13.71262%	18.99162%
Average of the development index of net income 2011-2016	Equal variances assumed	1.240	.286	.447	13	.662	107.04607%	239.33584%	-410.00757%	624.09971%
	Equal variances not assumed			.432	9.439	.676	107.04607%	247.86284%	-449.71050%	663.80264%

Source: Developed by the authors

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