DOI 10.2478/sbe-2025-0039
SBE no. 20(2) 2025

LEGISLATIVE RISK AND MARKET RESILIENCE IN EMERGING ECONOMIES: A QUALITATIVE STUDY OF POLITICAL INFLUENCE ON ROMANIA'S FINANCIAL MARKET

Diane Paula VANCEA
Ovidius University of Constanța, Romania

Cristian-Dan OPARIUC
Ovidius University of Constanța, Romania

Luciana SIMION
Bucharest University of Economic Studies, Romania

Lavinia MASTAC
Bucharest University of Economic Studies, Romania

Abstract:

This study analyzes the influence of politics on the Romanian financial market in the post-accession period to the European Union (2007-2022), using a qualitative methodology based on 15 interviews with experts from four relevant spheres: institutional, political, academic and media. The thematic analysis led to the identification of five main themes: political instability, the influence of economic legislation, market resilience, the role of political communication and the quality of institutional dialogue. The study was complemented by a conceptual network analysis and the correlation of political events with historical financial data (BET index, RON/EUR exchange rate). The results highlight that market volatility is often determined by political shocks, but economic fundamentals remain decisive in the long term. The case of GEO 114/2018 is unanimously mentioned as the most harmful legislative episode, with profound and persistent effects. The conclusions emphasize the need for political stability, legislative predictability and real consultation for market development. The study offers relevant implications for policymakers, investors and regulatory institutions, supporting the usefulness of interdisciplinary approaches in analyzing the relationship between politics and financial markets in emerging economies.

Key words: *political risk, financial market, Romania, legislative impact, qualitative research.*

1. Introduction

In emerging economies, the interaction between politics and financial markets is imperative for grasping economic stability and investor behavior. Romania's post-EU accession period provides a fitting case, marked by swift institutional shifts and an evolving financial market. This article explores how domestic political events, ranging from sudden government changes to contentious laws, impact Romania's stock market and exchange rate, viewed through the lens of directly and indirectly involved actors.

The literature on political risk in emerging markets indicates that political instability and unpredictability increase financial volatility and risk premia. At the same time, the literary investigation of recent studies highlights the fact that, despite initial vulnerability, markets can develop adaptation mechanisms, and economic fundamentals often return to the forefront once political shocks dissipate. In this context, Romania constitutes an illustrative case study to test these hypotheses and to understand how markets react and stabilize in relation to domestic political factors.

The main objective of this study is to analyze, through complementary qualitative and quantitative methods, the perceptions of experts from relevant fields (institutional, political, academic and media) regarding the influence of politics on the Romanian financial market between 2007 and 2022. In addition to the thematic analysis of the interviews, the article correlates the chronology of major political events with historical financial data (BET index, RON/EUR exchange rate, trading volumes) and develops a conceptual network that reflects the links between events, actors and economic effects.

Through this interdisciplinary approach, the research aims not only to highlight the impact of political decisions on financial markets, but also to provide practical recommendations for strengthening the regulatory, communication and governance framework. In an increasingly volatile economic climate, marked by uncertainties generated by the pandemic, the conflict in Ukraine and political tensions, understanding these mechanisms becomes a priority for policymakers, investors and regulatory institutions (Aivaz et al., 2022; Aivaz and Petre, 2024).

Although the literature on political risk is rich globally, Romania remains insufficiently explored from a qualitative perspective applied to the financial market. This study makes an original contribution, exploring the perceptions of experts through a triangulated methodology that has not been used previously in this context.

2. Literature review

In-depth interviews are a powerful qualitative tool for capturing individual perspectives. Rutledge and Hogg (2020) emphasize their conversational, open format, which reveals personal experiences often missed by quantitative approaches. Oztig and Karluk (2025) demonstrate this by uncovering the repression faced by the Uyghur diaspora, while Lamsal et al. (2025) used interviews to explore urban planning from local viewpoints. Together, these studies underscore the method's ability to produce deep, contextualized insights. Computer-aided qualitative data analysis (CAQDAS) further enhances such research by organizing, coding, visualizing, and analyzing extensive textual data. Reis, Costa and de Souza (2016) note that CAQDAS supports diverse qualitative methods without imposing rigid frameworks, offering researchers flexibility. Olapane (2021) adds that these tools bolster transparency and efficiency, aiding data management without replacing analytical judgment. In this study, in-depth interviews allow nuanced exploration of experts' views on sensitive issues like political instability and its effects on the financial market. The flexible format captures subjective interpretations of contentious events, while CAQDAS software structures and clarifies these insights, highlighting recurring themes and differences across respondent categories.

Advanced techniques like semantic and sociographic network analysis enrich interview studies by revealing the structure and connections within emerging themes. Semantic networks map key nodes and links between ideas, visually capturing the cognitive framework of participants' discourse. Sociographic analysis shows ties among respondents or their themes, shedding light on how opinions cluster and relate within a sample. These methods are especially valuable for exploring complex issues like political influences on capital markets, where interconnected ideas shape understanding (Cromley et al., 2024; Drieger, 2013).

The literature underscores the strong impact of political factors on financial markets, shaping both economic stability and informational efficiency. Studies show that political instability and elections heighten stock market volatility, eroding investor confidence and slowing capital accumulation, especially in emerging markets (Sarkar and Roy, 2024; Fulgence et al., 2023). For Romania, Vancea, Aivaz and Duhnea (2017) used an ARCH-GARCH analysis of the BET index and leu/euro rate to reveal that major political events trigger swift reactions in currency markets and slower, deeper responses in equities. Institutional structures and socio-political dynamics also shape national financial systems, with collective preferences and social conflicts steering capital market evolution (Roe, 2012). Moreover, political uncertainty diminishes stock price informativeness around elections, although this effect is weaker in stable democracies (Fulgence et al., 2023).

Recent research highlights the complex interaction between political instability, institutional decision-making processes and financial market volatility, both at national and international levels (Aisen and Veiga, 2006). Studies show that unexpected political events, such as those analyzed in the context of Romania (Simion and Schipor, 2020), and the lack of direct fiscal mechanisms at the European level (Braun, Gabor and Hübner, 2018), can amplify the instability of capital markets, especially in times of crisis or transition. In parallel, technological advances in stock market volatility modeling, illustrated by the transition to machine learning algorithms, offer increasingly powerful tools for anticipating market reactions to such political or economic shocks (Mansilla-Lopez, Mauricio and Narváez, 2025). The integration of political factors and new technologies into financial analysis thus becomes important for understanding and managing systemic risks, especially in contexts marked by structural imbalances and centralized decisions with transnational impact (Braun et al., 2018; Mansilla-Lopez et al., 2025; Simion and Schipor, 2020).

Empirical studies show that political stability is required for financial performance and policy choices across both emerging and developed economies. In the MENA region, stability and strong institutions lower the likelihood of rigid exchange rate regimes, highlighting governance's part in monetary policy (Maraoui et al., 2022). In Pakistan, stability boosts stock returns, while instability triggers asymmetric responses and greater volatility, underlining market sensitivity to political risks (Alim et al., 2024). A global study found political risks raise returns but also significantly increase volatility in developed markets, stressing the need to incorporate such risks into investment strategies and forecasts (Ben Ghozzi and Chaibi, 2021). Collectively, these findings confirm that public policies, institutional strength, and perceptions of political risk are key drivers of financial behavior across regions.

The interplay between politics and financial markets appears in various forms, from investor responses to external shocks to ideologically driven investment choices. In emerging markets like Turkey and Pakistan, political instability lowers stock returns and heightens volatility, with markets reacting heavily to negative news and adjusting slowly (Irshad, 2017; Karime and Sayilir, 2019), underscoring a fragile investment climate. By contrast, in Finland's stable democracy, Christensen and Brännlund (2024) highlight *political investorism*, where investment decisions reflect ethical or ideological stances. Whether through defensive moves against risk or proactive value-based choices, these patterns show how deeply political factors shape financial markets.

The literature highlights that political instability influences not only capital markets, but also foreign exchange markets and macroeconomic dynamics in vulnerable economies. In the case of Zimbabwe, political risk leads to a decline in foreign exchange reserves, both in the short and long term, as investors turn to stable currencies in times of uncertainty (Benedict et al., 2022). In the same context, the size of the stock market seems to modestly support economic growth. However, liquidity does not have a direct effect on GDP, which reflects the structural limitations of the financial market and the need for reforms (Chikwira and Mohammed, 2023). More generally, Ferrara and Sattler (2018) argue that financial markets react not only to economic measures themselves, but also to institutional configurations, elections or crises. Thus, suggesting that investor perceptions are decisively influenced by the domestic and international political climate.

Recent studies show that political risks and economic uncertainty have profound macro- and microeconomic impacts with clear consequences for financial markets. At the firm level, political risk raises the likelihood of stock price crashes, while corporate political ties help buffer this effect, as seen in China (Ma, Wei and Gao, 2024). At the macro level, economic policy uncertainty (EPU) shapes inflation and stock returns unevenly. Over time, EPU lowers inflation and boosts capital markets, although short-term effects vary by economic structure (Mishra, 2024). These findings underline the need for nuanced assessments of political risks and uncertainty, adapted to different analytical levels and institutional contexts, to guide sound policies and investment strategies. Despite extensive research on political risk in emerging markets, Romania remains underexplored from a qualitative standpoint that captures direct insights from key actors. Most studies favor quantitative approaches, missing professional views and institutional nuances. This study fills that gap by conducting in-depth interviews with financial, political, academic, and media experts, providing first-hand interpretations of events and a contextualized picture of how political risk influences Romania's financial market. Thus, it offers an original contribution by combining empirical analysis with insider perspectives.

3. Methodology

To analyze the complexity of financial markets in the context of political influences, the article uses a qualitative approach, based on 15 in-depth interviews. The investigation aims to capture the perceptions, values and visions of actors from four relevant spheres: institutional, political, academic and media.

The interviews were conducted with experts from financial institutions, policy makers, academics in economics and social sciences, as well as journalists or media analysts in the economic field. This diversity allowed for a nuanced mapping of public and professional perceptions, interpretations and representations of financial markets.

The qualitative analysis was carried out using CAQDAS software, through thematic coding. Therefor, reading the transcripts, identifying semantic units, coding and aggregating into themes and subthemes. The process was iterative, until a coherent categorization of ideas was obtained. For each theme, representative quotes were selected, illustrating the conclusions formulated (e.g. opinions on the impact of political crises on the stock market or assessments of the legislative framework).

In parallel, a semantic and sociographic network analysis was conducted based on the interviews, identifying three recurrent types of entities: political events (e.g. the suspension of the president in 2012, the resignation of the government in 2015, GEO 114/2018), relevant actors (Government, Parliament, National Bank, investors) and associated economic effects (BET decrease, leu depreciation, increased volatility, reduced trust). These were connected in the network based on the causal or association relationships mentioned by the participants. The network was represented graphically, analyzed by centrality indicators to identify core nodes (actors or events with major influence), and by detecting communities, indicating sub-themes or clusters of interconnected factors.

To correlate political events with financial developments, daily data on the BET index, the RON/EUR exchange rate and trading volumes were collected from official sources (BVB, NBR) and financial platforms (investing.com, Yahoo Finance). Key moments of political events mentioned in the interviews were marked on the time axis and superimposed on time series graphs. This approach allowed for the visual observation of any immediate market reactions, such as sudden drops in indices, increases in volatility or variations in the exchange rate.

A word cloud was generated based on the corpus of interviews, after eliminating common words (articles, conjunctions, etc.), in Romanian. The size of each term reflects the frequency of its occurrence, providing a synthetic visual representation of the concepts most frequently mentioned by the participants.

Finally, the perspectives of the 15 participants were compared to highlight both convergences and divergences of opinion. The analysis tracked the responses to each question, identifying areas of consensus (where the majority expressed similar views) and significant differences, correlated with the aspects of the respondents (for example, the contrast between the opinion of a politician and that of a broker).

The mixed methodological approach, which combines qualitative thematic analysis with quantitative analysis of network and financial data, provides a deep understanding of the subject. Triangulating these methods increases the credibility of the results. The information obtained from the interviews is supported by objective data, and this data is contextualized by the expertise of the participants. Recent studies confirm the relevance of such an integrated approach in the analysis of complex economic risks (Aivaz, Florea and Munteanu, 2024).

4. Results

Thematic analysis led to the emergence of five main themes, each with specific subthemes.

The first theme identified was political instability and its impact on market volatility. All participants emphasized the direct relationship between government stability and financial market stability. Political crises, such as the fall of governments, institutional conflicts, or tense elections, almost immediately generate increases in stock market volatility and, often, depreciation of the national currency. One politician summarized this relationship: *„A market is always stable when the political environment is stable... any turmoil on the political scene influences the financial markets almost directly proportionally.”* (RN Interview). Among the recurring subthemes were postponing investment decisions in times of uncertainty and the tendency of investors to liquidate positions and the orientation towards safe haven assets (cash or hard currency). A concrete example from the interviews refers to the context of the 2012 no-confidence motions: *"Investors tend to wait until moments of uncertainty to make an investment decision, and those who are already invested prefer cash to stock market positions"* (AD Interview). This behavior translates into reduced market liquidity and a decline in stock market indices.

The second theme identified was the influence of legislative initiatives and public policies on financial markets. Participants emphasized the distinction between the immediate (short-term) and structural (long-term) effects of legislative changes. Emergency ordinances adopted without public consultation were perceived as destabilizing factors. The most frequently mentioned example being GEO 114/2018, which introduced significant taxes in the banking and energy sectors. *"The first statements... regarding the adoption of GEO 114 caused declines of over 10% on the Stock Exchange",* noted an expert, emphasizing the surprise nature and lack of transparency (GA Interview). The lack of legislative predictability has been constantly criticized, such measures being perceived as *shocks* that affect investor confidence and discourage long-term investments. At the same time, positive examples were also mentioned, such as the simplification of taxation for individual investors in 2022 (withholding tax at source and reduced tax rates of 1-3%), a measure that led to an increase in the number of investors and the appetite for medium and long-term investments (AD Interview). Associated sub-themes include sectoral regulations (banking, energy, pensions - with emphasis on changes to Pillar II), taxation (facilities vs. burdens) and the quality of the legislative process (transparency, consultation, impact assessment). The general consensus was that any legislative initiative produces immediate effects in the market, visible through fluctuations in stock prices, effects that can be mitigated later by adjusting policy or adapting companies.

The third theme highlighted was market resilience and the function of fundamentals. Although sensitive to political shocks, the Romanian financial market has demonstrated resilience. Long-term trends have been mainly influenced by economic fundamentals. One analyst observed: *"even though politics played a very important role in the stock market's evolution, the effects were short-lived, the major trend remaining regardless of the... political conflicts"* (AD Interview). The data supports this idea. Between 2009 and 2019, the BET index appreciated almost fivefold, despite recurring government crises. Factors such as post-crisis economic growth, rising profits of listed companies, and the development of institutional investors (especially pension funds) contributed to the market's consolidation. Subthemes included market maturation (including reclassification as a secondary emerging market in 2019), as well as adaptation to chronic political fragmentation. One participant summarized: *"The local stock market has had a very good evolution... This performance comes in the context of unprecedented political fragmentation and a difficult legislative path"*, emphasizing that most of the declines were quickly recovered (AD Interview). The position of key institutions in mitigating risks was also highlighted. The NBR, by maintaining macroeconomic stability, and the ASF, by supervising the market, contributed to strengthening confidence and reducing the negative effects of political shocks in the long term.

The fourth theme identified was political communication and investor perceptions. Participants, especially analysts and journalists, highlighted that not only concrete decisions, but also the public discourse of political leaders influence markets in the short term. Statements regarding nationalizations, tax changes or attacks on economic institutions can generate immediate reactions, by anticipatory adjustment of investor behavior. A frequently mentioned example was the impact of rumors about the abolition of the Second Pension Pillar. Although they were not legally specified, they induced fears related to the withdrawal of institutional funds from the market, affecting stock market quotes. The capacity of the media in amplifying or nuanced political messages, contributing to the rapid shaping of market expectations, was also highlighted. One journalist noted the anticipatory reactions of investors, citing the downward trend of the BET index as an example. Before the President's suspension in 2012: *"the BET index began a downward trend several months before the suspension decision, as the market factored in the probability"* (AD Interview). Relevant sub-themes include decisional transparency, which can reduce volatility by clarifying intentions, and source credibility, as statements from authoritative figures (the finance minister, the prime minister, the governor of the National Bank of Romania) have a significantly greater impact on the market than those of other politicians. Thus, investor perception and psychology, shaped by political communication, become key channels through which the political factor influences financial markets.

The fifth theme identified was institutional dialogue and market governance. This concerns the quality of the relationship between financial market actors and political decision-makers. The question regarding the consultation of organizations in the legislative process generated predominantly critical responses. Most participants from the private and academic environment reported a real lack of consultation: *"Consultation in Romania is a formality and, with few exceptions, does not really take place"* (SB Interview). Capital market representatives confirmed that important decisions, such as GEO 114/2018 or GEO 13/2017, were taken without prior dialogue: *"the answer is no, we were not consulted"*. However, exceptions were also mentioned. A participant from the institutional area stated that *"The stock exchange has often come up with proposals"* (RS Interview), indicating moments of collaboration between BVB, ASF and authorities, especially within the working groups on capital market legislation. Sub-themes include the responsability of ASF as an intermediary between the market and authorities, institutional independence, regarding protection from political influences, and the need for a common and coherent strategy for market development. The idea emerged that a real dialogue, based on effective consultation, impact studies and long-term planning, could significantly reduce the negative effects of unilaterally adopted measures.

5. Discussions

5.1. Networks of events, actors and economic effects

To visually illustrate the complexity of interactions between political factors and the financial market, a network was constructed that connects major post-2007 political events with the actors involved and the economic effects identified in the interviews. In the graph (Fig.1), the red nodes represent political events, the blue nodes are relevant institutional actors or groups, and the green nodes represent economic effects. The network highlights how certain events generate multiple economic consequences. For example, GEO 114/2018 (red node) is connected to the decrease in the BET index, the depreciation of the RON and the decrease in confidence (green nodes), reflecting the multiple negative impact described by the respondents. At the same time, the ordinance is linked to the initiating Government and the Parliament that approved and subsequently amended the normative act (blue nodes). Events such as the resignation of Prime Minister Ponta (2015) or the fall of the Grindeanu government (2017) are, in turn, associated with stock market declines and reduced trust, being connected both to the actor *Government* and to the contextual actors civil society (2015) or the ruling party (2017).

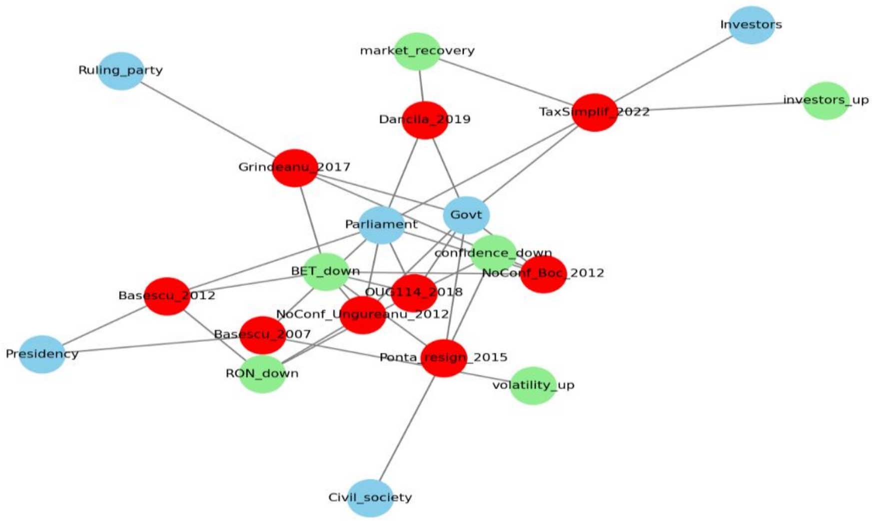

Fig. 1. Conceptual network between political events (red nodes), actors (blue nodes) and economic effects (green nodes), built based on information from interviews.

The centrality of the nodes in the network reflects the frequency and relevance attributed in the participants' discourses. Among the political events (red nodes), GEO 114/2018 and the episodes of instability in 2012 and 2017 stand out (Tab.1.) with a centrality of degree 0.25, indicating multiple connections with both institutional actors and economic effects. These are perceived as moments of rupture with systemic impact on the market. In contrast, events such as the suspension of the president in 2007 or the fall of the Dăncilă government in 2019 have a lower centrality (0.17), signaling a perceived more limited economic impact. In the case of 2019, participants indicated that the financial market was already in a consolidated growth trend, thus diminishing the potential effect of political change.

Tab.1. Centrality and communities

Node	Degree centrality	Mediation centrality
GEO 114	.25	.39
Change of Government	.25	.30
Volatility	-	.21
Suspension of President	.17	-
Resignation 2015	.17	.12
Motion 2017	.17	.12

Modularity (Communities identified in the network):

•Community 1: ASF, Government, Low Liquidity, Motion 2017

•Community 2: Resignation 2015, GEO 114, Civil Society, Volatility

•Community 3: RON Depreciation, Parliament, Suspension 2012

•Community 4: Investors, BET Decrease

On the actors side (blue nodes), the network confirms the centrality of the Government and Parliament, reflecting the governmental and legislative nature of most events. Investors appear indirectly connected, as receivers of political decisions. The NBR and the ASF, mentioned as stability factors, do not appear as major nodes, except for the NBR's involvement in mitigating the effects of GEO 114. Civil society also appears linked to the 2015 event (the post-Colectiv protests) and, tangentially, to other protest episodes (e.g. against GEO 13/2017), suggesting that social movements can trigger political changes with economic impact.

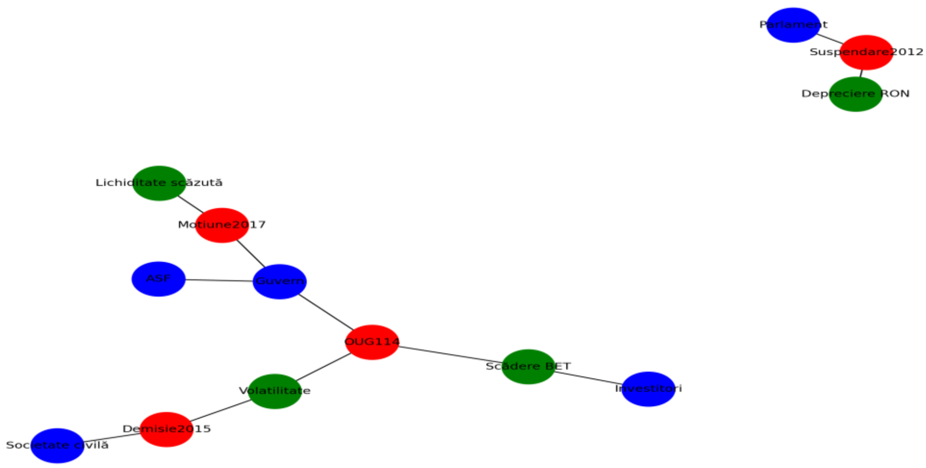

Fig. 2. Conceptual network of communities between political events (red nodes), actors (blue nodes) and economic effects (green nodes), built based on information from interviews.

The analysis of the communities in the network (Fig. 2) highlights two main clusters: one of internal political shocks (motions, resignations, suspensions), centered on political actors, and another, less dense, of legislative factors (ordinances, fiscal measures), closely linked to immediate economic effects. This suggests two distinct mechanisms of influence: political instability and concrete economic policies. The conceptual network helps to synthesize these complex links in a visual form: political factors (structural or event-related) do not act in isolation, but in an ecosystem in which investors, institutions and the real economy interact.

5.2. Correlating political events with historical financial data

To verify and quantify the qualitative observations, the main political events discussed were chronologically analyzed, in relation to the developments of the BET index, the leu/euro exchange rate and trading volumes. The graph (Fig.3) overlays these events on the BET index graph, highlighting the market reactions shortly after each major event.

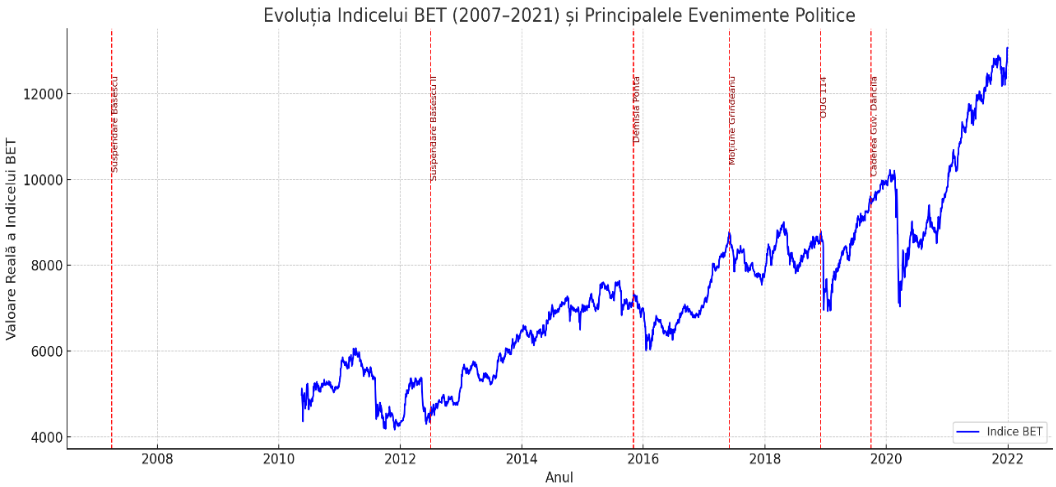

Fig. 3. Political events superimposed on the evolution of the BET index

The suspension of President Traian Băsescu (the first of its kind in post-December history) in 2007 had no visible impact on the market, which was in a growth phase and still underdeveloped. In contrast, the suspension in 2012, in a tense political context, was anticipated by decreases in the BET index and the depreciation of the leu. In July 2012, the RON/EUR exchange rate reached historical lows, amid instability. However, after the failure of the referendum and the return to the status quo, the markets recovered quickly, supporting the idea that the political effects were temporary.

The 2012 motions of censure (Boc and Ungureanu governments) generated a sharp political instability, reflected in the financial market by the decrease in trading volumes and a moderate downward trend in the BET index. Investors adopted a wait-and-see attitude in the periods preceding the changes. A relevant episode is the failed motion of 2009, when, despite the failure, BET fell by 15% in five sessions (AD Interview), suggesting that prolonged political uncertainty can generate negative reactions. The year 2012 ended with a declining BET, underperforming the markets in the region, amid these domestic tensions superimposed on the eurozone debt crisis.

The resignation of Prime Minister Victor Ponta (November 2015), amid the Colectiv tragedy and protests, marked a break in the market's upward trend (2012–2015). BET suffered a 10–15% correction in a few weeks, being one of the most pronounced negative reactions to a domestic political event. Investor confidence was affected (AD Interview), increasing risk perception. Full recovery only took place in 2017, indicating a significant but temporary impact.

The no-confidence motion against the Grindeanu Government (June 2017), the first no-confidence motion initiated by the ruling party against its own cabinet, was an unexpected political event. BET fell by over 6% in five sessions, reflecting investors' penalization of political instability. However, in the context of a growing economy and good corporate results, the market quickly recovered. BET closed the year in the red, confirming the temporary nature of the political shock.

The no-confidence motion against the Dăncilă Government (October 2019) had a minimal impact on the market, with BET continuing the upward trend it had started earlier. The favorable context, meaning positive expectations regarding inclusion in the emerging index, good corporate results and the anticipation of a pro-market government, completely mitigated the political effect. One expert even noted: "*This episode is very interesting... the BET index was on a strong upward trend and remained so (after the motion) until the beginning of the pandemic*" (AD Interview). Investors perceived the change as a normalization, and the lack of negative reaction suggests increased confidence in the direction of political evolution.

Emergency Ordinance 114/2018 (December 2018) represents the most serious example of the negative impact of politics on the market, mentioned by all interviewees. BET fell by approximately 12% in one day ("Black Wednesday" - December 19) and by almost 20% in five sessions, in the absence of a negative external context. The banking component of the index was hit the hardest (the capitalization of the main listed banks dropped drastically), liquidity exploded (many investors, including institutional ones, rushed to exit their positions), and the leu depreciated. The stock market took a year and a half to fully recover, largely due to the post-pandemic relaunch. Unlike other political episodes, EGO 114 generated a genuine stock market crisis, not just temporary volatility.

In conclusion, the correlation of the political timeline with the financial data confirms the perceptions of the interviewees. Unexpected political events generate sharp declines and increases in volatility, especially when they affect governance or the economic legislative framework. As a rule, market reactions are short-lived, being followed by stabilization once the influence of fundamental factors returns. Exceptions, such as GEO 114, highlight the potential of some political decisions to produce structural damage, with persistent effects.

5.3. Concept frequency analysis (Word Cloud)

To complete the perspective, the frequency of key terms from all 15 interviews was analyzed. The result is illustrated in the word cloud, where the size of each word reflects how often it was mentioned in the corpus.

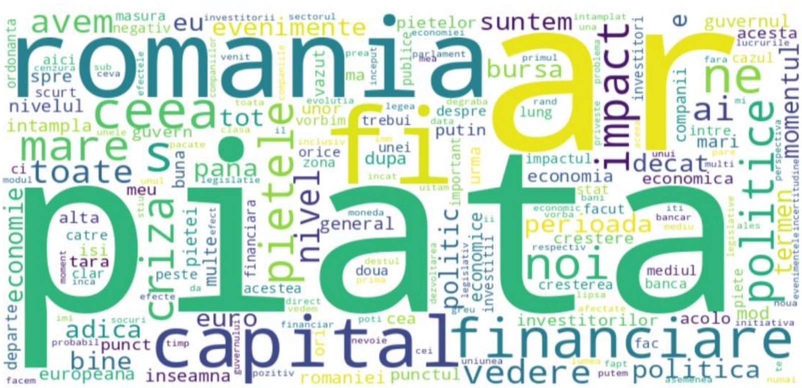

Fig. 4. Word cloud of the most frequent words in the interview corpus (after removing unimportant linking words).

The graphic representation (Fig. 4) highlights the centrality of the words “market/markets” (rom. „piață/piețe”), “financial/financials” (rom. „financiar/financiare”) and “capital” (rom. „capital”), reflecting the focus on financial and capital markets. The prominent presence of the term “Romania” (rom. „România”) confirms the national orientation of the discussions, and the significant size of the word “politics/politics” (rom. „politic/politice”) visually emphasizes the central theme of the study, i.e. the influence of politics on the market.

Among the medium-sized terms, “crisis/crisis” (rom. „criză/crize”), stands out, associated with both political and global financial crises of 2008–2009, and “impact” (rom. „impact”), reflecting the interest in the effects of events on the market. Terms such as “government”, (rom. „guvern”), “investors” (rom. „investitori”), “stock exchange” (rom. „bursă”), “euro” (rom. „euro”) și “banking” (rom. „bancar”) indicate the most frequently discussed actors and areas. The presence of the word “trust” (rom. „încredere”) emphasizes the central part of investor confidence in market dynamics. Positive terms such as "growth" (rom. „creștere”), "development" (rom. „dezvoltare”), "positive" (rom. „pozitiv”) suggest discussions about market potential, while "must", (rom. „trebuie”), "need" (rom. „nevoie”), "measure" (rom. „măsuri”) reflect the formulation of solutions and recommendations at the end of the interviews.

Fig. 5. Word cloud of the most frequent words in the interview corpus (after selecting words from dominant themes).

Overall, the word cloud (Fig. 5) supports the validity of the extracted themes. The dominant vocabulary concerns financial markets, politics, effects (crisis, impact) and actors (government, investors). The prominent presence of the term “crisis” (rom. „criză”) almost at the level of the word “politics” (rom. „politic”) highlights the emphasis on recurrent political crises. The smaller size of the word “investors” (rom. „investitori”) suggests that they were treated more as recipients of political decisions, rather than as central actors, reflecting the perception expressed by many interviewees.

5.4. Comparison of participants' perspectives

From the 15 interviews analyzed, both converging points of view and notable differences influenced by the experience and position of each participant emerge.

5.4.1. Convergences (consensus)

All participants agreed that political instability and unpredictability negatively affect markets, while political stability and coherence favor them. No interviewee argued the opposite, which suggests a clear perception of the causal relationship. There was also total consensus regarding GEO 114/2018, considered the most harmful post-accession legislative initiative, unanimously described in critical terms. Predictability was highlighted as an integral condition for the development of a mature capital market. Although a secondary theme, many also recognized the contribution of external factors, such as the 2008 crisis, in amplifying or mitigating domestic political effects. EU entry in 2007 was perceived as a major stabilizing factor, imposing macroeconomic discipline and supporting market development.

5.4.2. Differences in perspective

The most interesting variation in discourse is observed when comparing the categories of respondents.

The differences in tone between political actors and financial experts are evident. Politicians acknowledge the stability–instability relationship, but tend to provide contextual explanations and avoid assuming responsibility, preferring a generalized, political discourse. For example, the 2021 crisis was mentioned evasively (RN Interview), with an emphasis on the merits of the coalition when it was stable. In contrast, financial experts adopted a direct discourse, based on concrete data and consequences, highlighting percentage decreases and explicitly criticizing harmful decisions. Thus, the political tone is justificatory and narrative-oriented, while the tone of the experts is technical and focused on impact.

Representatives of regulatory institutions (ASF, BVB) adopted a more balanced discourse. They acknowledged problems such as lack of consultation, but also emphasized positive initiatives and collaborations with authorities. In contrast, private sector actors (brokers, funds) were more direct in their criticism, emphasizing the negative effects of political decisions on their activity and the lack of real dialogue. Institutionalists also addressed constructive themes, such as financial education and partnership with the state, while the private sector focused on the need for predictability and avoiding harmful interventions.

Independent academics and analysts offered an integrative perspective, contextualizing domestic events in theoretical and international frameworks. Some discussed political-economic cycles and the tendency of populist measures in election years (Interview AH), while others emphasized the ability of markets to anticipate events, as observed in 2012. Overall, they confirmed that developments in Romania reflect patterns known in the specialized literature on political uncertainty in emerging markets, with effects such as the increase in risk premium and capital withdrawals. Thus, they mediated between empirical data and theoretical interpretation.

Notable differences also appear within the same categories of respondents. Some, such as a journalist (SN Interview), adopted a firm and critical tone, stating that GEO 114 "significantly weakens Pillar II" and has clear negative effects, approaching a specialized analysis. Others were more moderate, contextualizing the turbulence through external factors, such as attributing the declines in 2007–2008 to the global crisis, not just domestic political problems or EU accession. These nuances reflect differences in experience, positioning and degree of direct involvement

5.5. Perspectives on the most important events

When asked about the political event with the greatest impact, most indicated GEO 114/2018. Some also mentioned the political crisis in 2012 (suspension and changes of government) or the resignation in 2015, seen as a turning point. It is noteworthy that the elections were not considered disruptive, being perceived as part of a predictable process, with rare exceptions (e.g. 2004, 2014 - not discussed in this study). This aspect confirms that unforeseen shocks are those that generate the strongest market reactions.

5.5.1. The best legislative initiatives

Responses to positive policy initiatives were more varied, indicating that the benefits are perceived as specific. The following were mentioned: the 2022 tax simplification, the Alternative Investment Funds (AIF) Law, the maintenance and improvement of Pillar II, and the listings of state-owned energy companies (2013–2014). However, some respondents stated that most of the initiatives were reactive or externally imposed, suggesting a lack of proactive market support from domestic policymakers.

5.5.2. The worst initiatives

Unanimously, GEO 114/2018 was perceived as the most harmful event for the financial market. In the next places, some mentioned GEO 13/2017 - although without direct financial impact, it was seen as a political slippage with the potential to destabilize and affect credibility. Other examples cited were the proposal regarding the financial transaction tax and the frequent amendments to the Fiscal Code, perceived as sources of unpredictability.

5.5.3. Suggestions for improvement

The final responses had a strong normative tone, outlining a broad consensus among experts and practitioners. Among the proposed measures: legislative stability, stopping sudden changes, increasing financial literacy among decision-makers, tax incentives for investments, listing of state-owned companies, strengthening Pillar II and expanding Pillar III, as well as the creation of government-market advisory committees. The importance of respecting the commitments assumed was also emphasized. The convergence of opinions suggests the existence of a common professional vision, which remains for political decision-makers to capitalize on.

5.5.4. Practical and theoretical implications

As practical implications, the study results provide clear benchmarks for policymakers, regulators and investors. Political stability and legislative predictability have direct economic effects. They keep financing costs low, support confidence and attract investment. The case of GEO 114/2018 illustrates the risks of non-transparent legislation in sensitive sectors. Lack of consultation and punitive measures can generate significant losses and capital withdrawals. In consequence, governments should avoid untimely measures and rigorously assess the economic impact of proposed policies, in order to protect market confidence and financial stability. For regulators and institutions like ASF and BVB, the findings stress maintaining steady, effective dialogue with political actors to prevent harmful surprises. The study also highlights the value of financial education for both the public and decision-makers, as market shocks often stem from unpredictability and limited understanding. Strengthening communication, by clarifying policy impacts and conveying market needs, alongside using digital tools for education can build trust and mutual insight (Micu et al., 2021; Munteanu et al., 2023).

For investors, these findings stress the importance of factoring political risk into strategies. In Romania's emerging market, high political risk warrants higher premiums or reduced exposure near predictable events. Yet for long-term investors, the study suggests political shocks are typically short-lived, with sharp drops often offering buying opportunities if fundamentals are strong. Political volatility is part of the local market's noise, making adaptation a requeiered aspect of investing here.

As theoretical implications, the research aligns with the literature on the relationship between political risk and financial markets, confirming that in post-2007 Romania, political uncertainty increases volatility and risk premia, in line with emerging market theories. Phenomena compatible with the political-economic cycle model are observed, with the approach of elections often accompanied by market adjustments. At the same time, the differences between short- and long-term effects support the idea that, over time, markets reflect economic fundamentals, not isolated political episodes. The results suggest a maturation of the Romanian market: reactions to political shocks are rapid and often anticipatory, and recovery occurs relatively quickly after the context is clarified.

An important theoretical contribution of the study is the highlighting of the place of democratic institutions, such as public consultation, separation of powers and the existence of the opposition, as factors in reducing the risk perceived by markets. Events such as censure motions, even if they generate short-term tensions, have been managed within constitutional limits, providing a form of orderly resolution. Thus, strengthening the democratic framework can contribute to reducing the cost of capital by decreasing systemic risk, an idea that supports the perspectives of institutionalist theory in economics regarding the link between the quality of governance and the efficiency of markets. Similarly, recent research highlights that perceptions of corruption significantly influence economic performance and trust in institutions, being also correlated with the level of education and the quality of governance in European countries (Munteanu et al., 2024).

Last but not least, this study highlights the value of interdisciplinary approaches, demonstrating the usefulness of qualitative methods applied to a financial-economic topic.

Combining expert perceptions with objective data analysis provided a deeper and contextualized understanding of the phenomenon, difficult to capture through strict quantitative models. The methodological implication is clear. Emerging markets research should combine quantitative methods (for rigor and generalizability) with qualitative ones (for context and understanding subtle mechanisms).

6. Conclusions

Politics influences the financial markets in post-accession Romania both directly, through decisions and legislation, and indirectly, through the climate of (in)stability generated. The analysis of the 15 interviews shows that major political events through sudden changes of government, institutional conflicts or radical fiscal policies, generated volatility and immediate reactions on the capital market. This events had generated decreases in indices, depreciation of the leu and defensive behavior of investors. In the medium and long term, however, the market adapted, returning based on fundamental factors such as European integration, consolidation of pension funds, increased profitability of companies.

This research offers one of the few qualitative analyses applied to the Romanian financial market, highlighting the way in which political risk is perceived and managed by relevant market actors. The original contribution consists in integrating the perceptions of experts with concrete financial data, in an insufficiently explored national context.

Both negative examples such as GEO 114/2018, which generated a veritable mini-financial crisis, and positive examples such as tax incentives, company listings and maintaining stable policies have been identified. Experts agree that predictability, consultation and competence of economic governance are central for market confidence. Thus, politics can function either as an engine or as an obstacle to the financial market, depending on the way it is exercised. In a financial landscape influenced by social, digital and behavioral factors, the reputation of institutions and their relationship with the public are becoming increasingly relevant. Such findings also emerge from research applied to the banking sector in Romania, which highlights the role of professional training and customer satisfaction in shaping public perception (Anamaria and Aivaz, 2025). Empirical studies in other economic areas confirm the direct impact of legislative measures on financial performance, as was also highlighted in transportation, where sanctions for non-compliance significantly influenced indicators such as return on assets and equity (Aivaz et al., 2023).

This report provides stakeholders with a clear map of causal relationships and a list of problems and solutions identified by specialists. Key recommendations such as political stability, compliance with commitments, coherent legislation and real consultation can reduce perceived risk and support the development of the Romanian market. In an increasingly interdependent and volatile economic climate, the capacity of markets to absorb political shocks reflects not only financial robustness, but also the quality of democracy and institutional governance.

Future research can complete this picture by including other categories of participants (individual investors, political leaders), but also through regional comparative studies applied to other emerging economies in Central and Eastern Europe. Such extensions can test the robustness of the identified patterns and contribute to a better understanding of the interaction between politics and financial markets in different governance contexts.

7. Study limitations

Although extensive and well-founded, the analysis has some limitations. The sample of 15 interviews, although diverse, does not cover all relevant perspectives (e.g. retail investors or top politicians are missing). The association of political events with market developments is observed qualitatively, without a rigorous quantification of the causal relationship. However, the qualitative-quantitative triangulation strengthens the validity of the conclusions.

A complementary approach would be an econometric analysis of the impact of each major political event on the market, as well as a regional comparison to highlight the Romanian specifics. Also, as the market matures, it would be useful to investigate whether the influence of politics decreases and the market comes to discipline political decisions more effectively, as it happens in developed economies.

8. References

Aisen, A., & Veiga, F. J. (2006). Does political instability lead to higher inflation? *Journal of Money, Credit and Banking, 38*(5), 1379–1389. https://ssrn.com/abstract=932587

Aivaz, K. A., Florea, I. O., & Munteanu, I. (2024). Economic Fraud and Associated Risks: An Integrated Bibliometric Analysis Approach. Risks, 12(5), 74. https://doi.org/10.3390/risks12050074

Aivaz, K. A., Munteanu, I. F., Stan, M. I., & Chiriac, A. (2022). A multivariate analysis of the links between transport noncompliance and financial uncertainty in times of COVID-19 pandemics and war. Sustainability, 14(16), 10040. https://doi.org/10.3390/su141610040

Aivaz, K.A, Munteanu I., Rus, M.I., Chiriac, A., & Leta, F. (2023). CLARIFYING THE IMPACT OF SANCTIONS ON FINANCIAL INDICATORS IN TRANSPORTS. AN EMPIRICAL COMPARATIVE ANALYSIS USING THE DISCRIMINANT MODEL. Transformations in Business & Economics, 22(3A), 60A.

Aivaz, K.A. & Petre, I.C. (2024). Systematic Investigation of the Influence of Religion on Business Management: A Bibliometric Approach. Studies in Business and Economics, 19(2), 2024. 5-22. https://doi.org/10.2478/sbe-2024-0021

Alim, W., Khan, N. U., Zhang, V. W., Cai, H. H., Mikhaylov, A., & Yuan, Q. (2024). Influence of political stability on the stock market returns and volatility: GARCH and EGARCH approach. Financial Innovation, 10, 139. https://doi.org/10.1186/s40854-024-00658-8

Anamaria, M. I. Ș. A., & Aivaz, K. A. (2025). Impact Of Training, Trust And Customer Satisfaction On The Reputation Of Banks In Romania. Studies in Business and Economics no, 20, 1. https://magazines.ulbsibiu.ro/eccsf/RePEc/blg/journl/20107misa.pdf

Ben Ghozzi, B., & Chaibi, H. (2021). Political risks and financial markets: Emerging vs developed economies. EuroMed Journal of Business, 17(4), 488–510. https://doi.org/10.1108/EMJB-11-2020-0123

Benedict, A., Mafika, S., Tutu, K. B., & Selase, A. M. (2022). The effects of political risk on foreign exchange demand: Evidence from Zimbabwe. Cogent Economics & Finance, 10(1), 2111806. https://doi.org/10.1080/23322039.2022.2111806

Braun, B., Gabor, D., & Hübner, M. (2018). Governing through financial markets: Towards a critical political economy of Capital Markets Union. Competition & Change, 22(2), 101–116. https://doi.org/10.1177/1024529418759476

Chikwira, C., & Mohammed, J. I. (2023). The impact of the stock market on liquidity and economic growth: Evidence of volatile market. Economies, 11(6), 155. https://doi.org/10.3390/economies11060155

Christensen, H. S., & Brännlund, A. (2024). Politics on the stock market? Political investorism as a form of political participation. International Political Science Review, 45(3), 368–388. https://doi.org/10.1177/01925121231187363

Corina, Vancea & Kamer-Ainur, Aivaz & Duhnea, Cristina. (2017). POLITICAL UNCERTAINTY AND VOLATILITY ON THE FINANCIAL MARKETS-THE CASE OF ROMANIA. Transformations in Business and Economics. 16. 457. https://www.researchgate.net/publication/349105249_POLITICAL_UNCERTAINTY_AND_VOLATILITY_ON_THE_FINANCIAL_MARKETS-THE_CASE_OF_ROMANIA

Cromley, J. G., Mirabelli, J. F., & Kunze, A. J. (2024). Three applications of semantic network analysis to individual student think-aloud data. Contemporary Educational Psychology, 79, 102318. https://doi.org/10.1016/j.cedpsych.2024.102318

Drieger, P. (2013). Semantic network analysis as a method for visual text analytics. Procedia - Social and Behavioral Sciences, 79, 4–17. https://doi.org/10.1016/j.sbspro.2013.05.053

Ferrara, F. M., & Sattler, T. (2018). The political economy of financial markets. Oxford Research Encyclopedia of Politics. https://doi.org/10.1093/acrefore/9780190228637.013.628

Fulgence, S., Kwabi, F., Boateng, A., Hu, W., & Paudyal, K. (2023). Cross-country analysis of the effects of political uncertainty on stock price informativeness. Journal of International Financial Markets, Institutions & Money, 88, 101829. https://doi.org/10.1016/j.intfin.2023.101829

Irshad, H. (2017). Relationship among political instability, stock market returns and stock market volatility. *Studies in Business and Economics, 12*(2), 70–94. https://doi.org/10.1515/sbe-2017-0023

Karime, S., & Sayilir, Ö. (2019). Political news and stock market reactions: Evidence from Turkey over the period 2008–2017. International Journal of Management and Economics, 55(2), 83–98. https://doi.org/10.2478/ijme-2019-0013

Lamsal, P., Adhikari, A., Aryal, V., & Aryal, B. (2025). A review of an in-depth interview on urban planning and development. Molung Educational Frontier, 15, 278–307. https://doi.org/10.3126/mef.v15i01.74035

Ma, Y., Wei, Q., & Gao, X. (2024). The impact of political risks on financial markets: Evidence from a stock price crash perspective. International Journal of Financial Studies, 12(2), 51. https://doi.org/10.3390/ijfs12020051

Mansilla-Lopez, J., Mauricio, D., & Narváez, A. (2025). Factors, forecasts, and simulations of volatility in the stock market using machine learning. Journal of Risk and Financial Management, 18(5), 227. https://doi.org/10.3390/jrfm18050227

Maraoui, N., Hadj Amor, T., Khefacha, I., & Rault, C. (2022). How economic, political and institutional factors influence the choice of exchange rate regimes? New evidence from selected countries of the MENA region (IZA Discussion Paper No. 15234). IZA – Institute of Labor Economics. https://www.iza.org/en/publications/dp/15234

Micu, A., Capatina, A., Micu, A. E., Geru, M., Aivaz, K. A., & Muntean, M. C. (2021). A NEW CHALLENGE IN DIGITAL ECONOMY: NEUROMARKETING APPLIED TO SOCIAL

MEDIA. Economic Computation & Economic Cybernetics Studies & Research, 55(4). DOI: 10.24818/18423264/55.4.21.09

Mishra, A. (2024). Do Economic Policy Uncertainty Have Ramifications on Inflation and Stock Market Performance? Evidence from Global Framework. *Studies in Business and Economics*, *19*(3), 2024. 172-190. https://doi.org/10.2478/sbe-2024-0050

Munteanu, I., Aivaz, K. A., Micu, A., Căpățână, A., & JAKUBOWICZ, F. V. (2023). DIGITAL TRANSFORMATIONS IMPRINT FINANCIAL CHALLENGES: ACCOUNTING ASSESSMENT OF CRYPTO ASSETS AND BUILDING RESILIENCE IN EMERGING INNOVATIVE BUSINESSES. Economic Computation & Economic Cybernetics Studies & Research, 57(3). DOI: 10.24818/18423264/57.3.23.12

Munteanu, I., Ileanu, B. V., Florea, I. O., & Aivaz, K. A. (2024). Corruption perceptions in the Schengen Zone and their relation to education, economic performance, and governance. Plos one, 19(7), e0301424. https://doi.org/10.1371/journal.pone.0301424

Olapane, E. C. (2021). An in-depth exploration on the praxis of computer-assisted qualitative data analysis software (CAQDAS). Journal of Humanities and Social Sciences Studies, 3(11), 57–78. https://doi.org/10.32996/jhsss.2021.3.11.5

Oztig, L. I., & Karluk, A. C. (2025). Surveys, in-depth interviews, and focus group interviews. In China’s High-Tech Repression Against Uyghurs: Novel Theoretical Insights (Chapter 5). Springer. https://doi.org/10.1007/978-3-031-82287-2_5

Reis, L. P., Costa, A. P., & de Souza, F. N. (2016, June). A survey on computer assisted qualitative data analysis software. Proceedings of the 11th Iberian Conference on Information Systems and Technologies (CISTI), 998–1003. https://doi.org/10.1109/CISTI.2016.7521502

Roe, M. J. (2012). Capital markets and financial politics: Preferences and institutions. In The Oxford Handbook of Capitalism (pp. 1–26). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780195391176.013.0004

Rutledge, P. B., & Hogg, J. L. C. (2020). In-depth interviews. The International Encyclopedia of Media Psychology. https://doi.org/10.1002/9781119011071.iemp0019

Sarkar, P. R., & Roy, G. (2024). A systematic review on impact of political crisis and election on capital market returns. American Journal of Economics and Business Innovation, 3(3), 18–30. https://doi.org/10.54536/ajebi.v3i3.3459

Simion, L., & Schipor, G.-L. (2020). Financial market reactions to the political uncertainty. Study case: Romania. Ovidius University Annals, Economic Sciences Series, XX(2), 1072–1080. https://ideas.repec.org/a/ovi/oviste/vxxy2020i2p1072-1080.html