

Matteo Pozzoli • Francesco Paolone

Corporate Financial Distress

A Study of the Italian Manufacturing Industry

 Springer

Contents

1	Introduction	1
	References	2
2	Defining Corporate Financial Distress and Bankruptcy	3
2.1	Terminology	3
2.2	From Decline to Crisis	3
2.3	From Crisis to Financial Distress	5
2.4	From Financial Distress to Bankruptcy	7
	References	9
3	The Models of Financial Distress	11
3.1	Models of Corporate Financial Distress Risk Assessment	11
3.2	Beaver's Univariate Analysis (1966)	12
3.3	Altman's Multivariate Analysis (1968)	14
3.4	The Model of Ohlson (1980)	18
3.5	The Model of Zmijewski (1984)	21
3.6	The Neural Networks of Etheridge and Sriram (1997)	22
3.7	Other Models of Financial Distress	24
3.8	Accounting-Based or Market-Based Models?	25
	References	27
4	Data Analysis and Empirical Results	29
4.1	Sampling	29
4.2	Variables Description	30
4.3	The Application of Altman's Model	33
4.4	Logistic Regression	36
4.4.1	Overview	36
4.4.2	Interpretation of Coefficients	37
4.4.3	Logistic Regression Model Fit	37

4.5	Our Logistic Model for Italian Manufacturing Public Limited Companies (S.p.A.)	38
4.6	Empirical Results	40
4.6.1	Example on How to Use Our New Model	41
	Reference	43
5	Conclusions and Implications	45
5.1	Conclusive Remarks	45
5.2	Implications for Scholars and Practitioners	45