

THE IMPACT OF THE ALTMAN SCORE ON THE ENERGY SECTOR COMPANIES

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Abstract

The financial literature regarding bankruptcy prediction models includes the application of several statistical tools which have progressively become accessible. This paper explores the impact of the Altman score on the stock prices of the Romanian companies listed on the Bucharest Stock Exchange during the period 2014-2022. The Altman score is calculated based on the annual reports of the analyzed companies collected from the Bloomberg database, while the stock exchange prices are collected from the Euromonitor database. The methodology used in the analysis is panel regression realized with the Generalized Method of Movements technique. The data is processed using the EViews software. This research study shows that there is a negative correlation between the Altman Z score and the companies' share price. In terms of theoretical contribution, this study investigates one of the bankruptcy prediction models that is used more often than other models, namely the Altman Z-Score.

Keywords

Altman score, stock price, bankruptcy, Romania

JEL Classification

O16, G32, G12, G33

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