

CLASSIFICATION OF THE ALGERIAN ECONOMIC COMPANIES USING LOGISTIC ANALYSIS

Nedjema Abbas
University of Batna
ALGERIA

Intissar Slimani
University of Batna
ALGERIA

ABSTRACT

This research aims to try to construct a mathematical model that helps to classify the Algerian economic companies to distressed and non-distressed companies depending on a sample consisting of 60 companies : half of them is distressed and the other half is non-distressed according to three financial ratios that have been selected among the financial ratios the most used by researchers, namely: sales to total assets, working capital to total assets and the ratio of equity to total assets, which have been calculated from financial data of the study's sample. Logistic regression method in the construction of the achieved model has been used, and the results were good; we have obtained a logistics model that has great ability in the classification of companies where the percentage of good classification of this model was 96.7%.

Keywords: Financial Distress, Logistic Regression, Classification of Algerian Economic Companies.