

USE OF DISCRIMINANT ANALYSIS MODELS IN ASSESSING THE BANKRUPTCY RISK OF SMEs. CASE STUDY

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Abstract:

This paper aims to study the bankruptcy risk for ten SMEs from the South-West Oltenia region in order to measure their financial stability. The research methods used are represented by the discriminant analysis models, namely the Taffler model (1977) and the Ion Anghel model (2002), which allow obtaining and calculating score-type indicators based on which the bankruptcy risk of the analysed SMEs can be assessed. The research results showed that, although the discriminant analysis models allow for the early detection of financial difficulties, each of them leads to a different classification of the SMEs in the bankruptcy area. In this regard, it is recommended that, in order to assess a global bankruptcy risk, the simultaneous use of classical and modern diagnostic methods be considered, as well as the inclusion of non-financial qualitative information.

Keywords: *bankruptcy risk, analysis model, Taffler model, Ion Anghel model, economic-financial indicators*

JEL codes:: *M41, D22, G33*