

VALIDATION OF FINANCIAL DIAGNOSTIC MODEL USING CLUSTER ANALYSIS

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Abstract

In the current economic conditions performance has a fundamental role in the context increasing competition for each market segment knowing that the mechanisms of globalization sweeps the weakest track. The chance to survive in this competition increases significantly for those business entities that find and quickly reduce their vulnerabilities and, moreover, implement performance management tools that facilitates discovery, explaining and solving various management gaps. We tested the applicability of a model of financial diagnosis established by the authors in previous works with the aim of economic entities classification in performance categories and analyzed the time evolution of economic entities considered in the study within the defined categories of performance. In the study we used cluster analysis to identify the data set consisting of a set of objects and their characteristics to determine homogenous groups of firms between them and external heterogeneous firms. The aim is to test if the designed model can be applied with sustainable results.

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