

## **CORRELATION ANALYSIS OF PREDICTORS USED IN BANKNOTE PREDICTION MODELS IN SLOVAKIA**

**Lucia ŠVÁBOVÁ, Marek ĎURICA**

**Abstract:** Bankruptcy prediction models usually use for analysis some financial indicators of the company, mostly financial ratios, or some other characteristics of the company or environment in which it operates. In this paper we analyze these financial ratios of the companies and some other characteristics and study the relations between them and the subsequent default of the company. Our work in the future will lead to creation a comprehensive model of prediction of financial distress for companies in Slovakia. This model will be based on real data about financial statements of Slovak companies. In order to create a good predictive model with high predictive ability, it is important to undergo the variables to statistical analysis first, and to detect the existence and strength of the relationship between them. The results of these analyzes should be used to select the correct methods or procedures of mathematical statistics and to validate the preconditions for their use. These methods and their proper use consequently ensure correct use of statistical tools to validate set out hypotheses to create a strongly predictive model and a statistically significant prediction of bankruptcy.

**Keywords:** bankruptcy prediction models, financial ratios, failure prediction, financial distress, correlation analysis

**JEL Classification:** C38, G33

## **SOCIAL RESPONSIBILITY IN THE MARKETING ACTIVITIES OF BUSINESSES**

**Zdenka MUSOVÁ**

**Abstract:** The businesses are open systems and in the market environment they should behave as to prevent situations and phenomena in society, which could have a negative impact on sales of their products and their overall performance. Many organisations have already realized that if they want to be successful, they must have a sense of responsibility not only for their business activities but also for the development of the whole society. Honesty, fairness, integrity and a human – consumer/customer, community, public, society and their needs and interests – are gradually coming on the top places in the charts of corporate values. That approach is entirely consistent with the basic idea of the concept of Corporate Social Responsibility, of which as a part can be considered a cause related marketing. In the paper we are focusing on this new responsible marketing approach, which is regarded as a commercial activity through which the company and non-profit entity create a partnership in order to promote the image, product or service because of mutual benefit. Both parties are entering into this partnership with clear objectives – the company wants to improve its reputation, increase product sales, enhance customer satisfaction and loyalty, the non-profit organization gives an emphasis on a greater visibility of its operations and on obtaining the additional financial resources to carry out its mission. Together they contribute to the promotion of „good things“, or to solving some of societal problem. Also the consumers show the charity by joining the project, mostly by buying a specially marked product or taking part on some activity which is supported by the cause related marketing. In the second part of the paper we present the most interesting results of own exploratory survey, in which we focused on examining the attitudes of Slovak consumers to activities of cause related marketing.

**Keywords:** corporate social responsibility, socially responsible marketing, cause related marketing, perception of responsible marketing activities

**JEL Classification:** M14, M30, M31

## **THE MODIGLIANI-MILLER SECOND PROPOSITION IS DEAD; LONG LIVE THE SECOND PROPOSITION**

**Kuo-Ping CHANG**

**Abstract:** By using the binomial option pricing model, this paper proves that with no arbitrage and no transaction costs, (i) under riskless debt, increasing the debt-equity ratio increases the variance of the rate of return on equity; and (ii) under risky debt, increasing the debt-equity ratio increases the variance of the rate of return on debt but does not affect the probability density function of the rate of return on equity. This finding refutes the Modigliani-Miller second proposition that the expected rate of return on the equity of the levered firm increases in proportion to the debt-equity ratio.

**Keywords:** the arbitrage theorem, capital structure irrelevancy

**JEL Classification:** G13, G32

## **DETERMINING THE BANKRUPTCY MODEL OF TRANSPORT ENTERPRISES IN THE CZECH REPUBLIC BY MEANS OF MULTIPLE DISCRIMINATORY ANALYSIS**

**Zuzana ROWLAND, Lenka DVOŘÁKOVÁ, Pavel ROUSEK**

**Abstract:** Business is exposed to various types of risks, which include the risk of bankruptcy. Therefore it is necessary to measure the financial health of companies and to determine whether the company has a tendency to bankruptcy or vice versa it is creditworthy. For the determination of bankruptcy model we use, besides other methods, multiple discriminant analysis, which use a classification of variables into several groups depending on the characteristics of these variables. The article examines the pros and cons of the issue of bankruptcy models and multiple discriminant analysis. Bankruptcy model is designated on a specific set of transport companies operating in a specific time period in the Czech Republic. Article establishes a methodology that helps users to build the bankruptcy model based on the data entered into the methodology.

**Keywords:** bankruptcy model, multivariate discriminant analysis, ratios, methodics, variables

**JEL Classification:** G33, C55

## USING THE PRINCIPLES OF GREEN MARKETING IN SLOVAK CONDITIONS

**Margaréta NADÁNYIOVÁ**

**Abstract:** A socially responsible company is not only oriented to maximize its profit, but an integral part of its philosophy is a social and environmental orientation and itself social and environmental interests of the society. Consumers' satisfaction and over-all educational process in these areas nowadays are seen as the important step to company success. This paper deals with fundamentals of the conception of green marketing, which represents environmentally-oriented approach (eco-approach) and responsible management process. The term – green marketing – itself, has been popular since early 1990s (nowadays as the conception of corporate thinking is getting more and more popular and important), but environmental aspects of activities of enterprises was firstly discussed much earlier within so-called ecological marketing or environmental marketing. These terms are full substitutes of currently preferred green marketing. The green marketing includes more than just a simple building of corporate image. It becomes a modern idea of the enforcement of actual environmental trends to a broad spectrum of business activities. The field of action of green marketing tools is relatively extensive, starting with the protection of environment, production and sale of products and services with ecological conditions and requirements, through the final consumption of environmentally friendly products, which affects the quality of life and health of the whole society. The paper deals with the essence of green marketing, green marketing mix, eco-labelling and green marketing strategies. The main part of the paper is analysis of the green marketing principles usage in Slovakia, such as renewable energy sources bio products, eco-labelling, ecological behaviour, environmentally friendly technologies, recycling of waste and so on. Based on the results of the analysis were indicated proposals and measures for the effective implementation of the green marketing principles in Slovak conditions.

**Keywords:** Green marketing; Corporate Social Responsibility; Green marketing mix; Eco-labelling; Environment;

**JEL Classification:** M14, M31

## **STRATEGIC PLANNING - A SURVEY CONDUCTED UNDER THE CONDITIONS OF THE SLOVAK REPUBLIC**

**Mária MIŠANKOVÁ**

**Abstract:** Nowadays dynamic and competitive environment has a strong influence on the success of the company. Companies have to be flexible and react on changing conditions. Formulation of clear vision and mission of the company is necessary and formulation of the strategy, strategic planning and strategic management play significant role in building and maintaining competitive position of the company on the market. The presented study is dedicated to the issue of strategic planning as one of the key success factor of the company. Based on the deep literature review of works published not only in the Slovak Republic but mainly worldwide was conducted a research survey. This was provided on the sample of 384 companies from Slovakia and served as a basis for set hypotheses. These hypotheses were accepted confirming the significant statistic relationship between formulation of the strategy and the legal form of the company, as well as between formulation of the strategy and annual turnover of the company. There is also a significant statistic relationship between formulation of the strategy and strategic plan of the company. The last tested hypothesis was focused on the mutual relationship between three variables. Based on the results were suggested recommendations for companies in the Slovak Republic.

**Keywords:** strategy, strategic management, strategic planning, company, Slovak Republic

**JEL Classification:** L10