

A PROPOSAL TO ESTIMATE THE VALUATION OF SMALL AND MEDIUM SIZE COMPANIES USING GEOGRAPHICALLY COMPARABLE INFORMATION

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Abstract

A common prerequisite in valuation analysis is the availability of temporal information on financial variables. Nevertheless, reduced size companies representing more than 98% on current productive systems- fail to have available temporal information to estimate valuations. In this paper, we offer a procedure for estimating reduced size companies' values under the hypothesis that spatial behaviour matters for valuations. We present a spatial proposal with a case study of industrial companies where the significant role of space on firms' valuations is previously tested. The analysis shows the relevance of spatial data confirming the predictive capability of our approach through the out of sample methodology