

APPRAISAL METHODS IN MUTUALLY EXCLUSIVE DEVELOPMENT PROJECTS: A PRAGMATIC ANALYSIS OF ALTERNATIVE TECHNIQUE

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ABSTRACT

Appraisal techniques utilisations in mutually exclusive development project alternatives and their analysis are fundamental, and an inevitable process particularly in the planning, design and implementation of the development projects. At the same time, it's provided and promote for decision-making on development projects acceptance or rejection. The study aim is to investigate the appraisal methods in mutually exclusive development projects, identify when these methods cease to be appropriate for and the alternative techniques to adopt in such circumstance. Observation and purposive sampling was used to collect information for two development projects (prefabricating company and rock crushing company). A pragmatic illustration/analysis which utilise the spread sheets and other relevant functions in the Microsoft excel software packages were used in the analysis, as well as to sustain and achieve the state purpose of the study. The findings reveal that the most adopted appraisal methods are: the NPV; IRR; and BCR; and that these methods use in mutually development project alternatives may cease to be appropriate where there are resources budget constraints. Further, the findings reveal that the technique that should be practiced under this circumstance is the "Capital Rationing" approach.

The study reflection is to provide and promote a more understandings, knowledge and best practice to development projects investors, practitioners, government, decision makers and agencies in the management of mutually exclusive development projects alternatives in the social, political, environmental and economic system. Further, it should promote the awareness to relevant stakeholders that the benefits in undertaken more than a development project in the circumstance of resources constraints was what should not be allowed to be diminished in their goals and objective for economic growth and development of a country or countries.

KEYWORDS: Benefits Costs Ratio (BCR), Budget Constraints, Development Projects, Internal Rate of Return (IRR), Mutually Exclusive, Net Present Value (NPV)