

# **USING DATA ENVELOPMENT ANALYSIS (DEA) IN CAPITAL RATIONING FOR EVALUATING AND RANKING PROJECTS INVESTMENT: THE CASE OF HODNA MILK-ALGERIA**

**BOUGUERRA RABAH**

M'sila Université - Algeria

Email: rbouguerradz@yahoo.fr

**AKKARI MOSTEFA**

Batna Université - Algeria

## **Abstract**

**Purpose** - the application of DEA in term of linear programming (LP) to capital rationing problem, and illustrates the interpretation of the optimal of LP solution so that management could translate and use that information in effective financial decisions.

**Design/methodology** – The research design consists of a two-part study, consisting first of a content analysis of the multiple variables (inputs) that are available to achieve the desirable objective (output) stated by “Hodna Milk”, followed by analysis of the problem solution.

**Results** - The empirical analysis revealed that Project 1, 2 and 3 are fully accepted, project 5 and 6 are partially accepted, while project 4 is totally rejected because of its zero contribution to the NPV.

**Keywords:** Data envelopment analysis - project investment - capital rationing - project ranking - Hodna Milk.

**JEL classification codes:** C61