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Real Options Literature Review

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ABSTRACT

After 30 years of discussion and research, the academic community has established a complete theoretical system of real options and provided an excellent framework for the use of real options theory in the investment appraisal of high-tech projects. An option is an entitlement without any obligation and it has been used to describe a variety of management decisions in business investment. The description of management is effective and proper. Due to the introduction of real options theory, there has been a major breakthrough in the investment area. Project evaluation is the core content of bank credit risk assessment and business evaluation. The core content never changes from the investment evaluation framework to the credit risk evaluation framework. The project evaluation meets various needs of subjects in different ways. In this paper, the importance of real options is analyzed and the literature is reviewed

KEYWORDS

Real Options, Literature Review, Enterprises

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