

ABSTRACT

Cost overrun nowadays had become a major issue in a worldwide scale in the construction industry. The main reason for this is the poor construction management. The above issue led to explore its contributing factors and to propose possible solutions to avoid the noted issues. There were only few studies that had been carried out in Sri Lankan construction industry about the cost overrun Issues. Hence, a qualitative research method carried out using semi-structured interviews with experienced personal involved in handling construction projects. Seven main reasons for cost overrun and three solutions for each had been taken from previous research papers and they were presented in an interview manner to thirty respondents from client, consultant and the contractor.

The main objectives are to rank the main reasons for cost overrun with their possible solution using scientific analyses methods. This research has identified “variation of scope of the work”, “design changes during construction”, “inflationary material cost”, “and resource shortage” and “poor planning” are the predominate reasons which are contributed to cost overrun in Sri Lankan construction industry.

In reference to the above stated problems the solutions to which are as follows “select a contract type that permits variation of scope avoiding time consuming change orders”, “apply a limitation on cost and time implications due to design change”, “use client provided materials”, “use of contractor’s past experience and appropriate management techniques” and “follow timely procurement procedures according to the construction program” the prior stated solutions will eventually reduce the cost overrun in Sri Lankan construction industry.

Keywords: Cost overruns, Productivity, Construction management techniques, Procurement procedures, Sri Lanka

