The dynamics of cost overrun in public sector construction projects in developing countries

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Cost overrun of projects has been a key concern for all stakeholders of projects for many decades now. However, the empirical evidence of the causes seem not be clear due to the silo approach in understanding the causes of project cost overrun. This study seeks to take the debate a step forward by providing an understanding of the causes of project cost overrun from a system's perspective, especially from a less researched environment. Data was collected and analyzed from 131 respondents who were mainly involved in construction works in public procurement entities in Ghana. A two-staged approach was employed in collecting data from the respondents. The first stage involved an interview session with key informants in the construction industry in Ghana to ascertain the detailed causes of cost overrun of construction projects. The second stage focused on the validation of these detailed factors by a wider stakeholder group through questionnaires. Factor analysis was employed to consolidate these detailed factors into some main causes of project cost overrun. The results show that there are primarily four major causes of most public sector projects cost overrun. These four major causes of cost overruns are poor contract planning and supervision; change orders; lack of competence of the project team and lack of effective coordination among the contracting parties. The study sheds light on areas where public sector project planners and managers should focus on in order to alleviate projects cost overrun. In other words, it serves as a decision support system for planners and managers of public sector projects in effectively managing the challenge of projects cost overrun. The study provides more insights as to the critical factors that underpin public sector projects cost overrun and more importantly does so from a system's perspective.

Biography

Richard Ohene Asiedu holds a PhD (Construction Management) from Bauhaus University, a Master’s Degree in Infrastructure Planning from the University of Stuttgart and a Bachelor’s Degree in Building Technology from the Kwame Nkrumah University of Science and Technology. He has over 10 years of experience in the Ghanaian Construction Industry with specialty in Construction Management and Quantity Surveying. He is a Senior Lecturer at the Koforidua Technical University and an Associate Member of the Ghana Institution of Surveyors. He can presently refer to a list of journal and conference papers.

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