COST MONITORING AND CONTROLLING PRACTICES OF CONSTRUCTION COMPANIES IN SRI LANKA

MASTER OF SCIENCE

IN

CONSTRUCTION PROJECT MANAGEMENT

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May 2012

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The Dissertation was submitted to the Department of Civil Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Science.

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DECLARATION

I hereby certify that this dissertation does not incorporate any material without the acknowledgement of the author of any such material previously submitted for a degree or diploma in any university to the best of my knowledge and I believe it does not contain any material previously published, written or orally communicated by another person except where due reference is made in the text.

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ACKNOWLEDGEMENT

I am pleased to express my sincere gratitude to the Department of Civil Engineering of the University of Moratuwa, for giving me this opportunity to do an empirical study and my supervisor Dr. R.U. Halwatura of the Department of Civil Engineering, University of Moratuwa for his continuous support and supervision during this dissertation.

I deeply appreciate Prof. Asoka Perera and Dr. Lesley Ekanayaka of the Department of Civil Engineering, University of Moratuwa, for their valuable suggestions and comments during the progress presentations. Further I would like to thank all the members of the Department of Civil Engineering for their support throughout the period. Further my appreciation goes to Chairman & Managing Director, Directors and all other staff members of Maga Engineering (Pvt) Ltd, for encouraging me towards the success of this exercise.

In addition the contribution of the Directors, Senior Managers, Engineers, Quantity Surveyors of other construction companies and government organizations by sharing information and making comments during the data collection is also gratefully acknowledged.

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I express my thanks and appreciation to my family for their understanding, motivation and patience towards the accomplishment of this exercise as well as to all my colleagues and friends who helped me in the compilation of this dissertation.

Samantha Weerasinghe
May 2012

ABSTRACT

The wealth of any nation is gauged by its performance in infrastructure provision through its construction industry. The construction industry is large, volatile, and requires tremendous capital outlays (Kaliba, Mundia & Kanyuka, 2008).

Cost is a comprehensive index, which is not only closely related to the efficiency and competitiveness of an enterprise, but also reflects the superiority and inferiority of its management in various aspects. Cost control is the main means of reducing the cost of products and it serves as the precondition for the enhancement of estimation and economic returns of the business. Cost monitoring concepts have been in the international construction companies for many years. Hence, it needs to analyze the Sri Lankan context of cost monitoring in construction companies.

The main objective of this research work is to discover the current cost monitoring practices in Sri Lankan construction companies, find out the drawbacks of existing CMSs, professional's adaptation to the ICMSs and other affective characteristics related to the implementation of an automated CMS and to give some recommendation to implement an enhanced Project Management System in construction firms, in which cost management, planning and control can be gradually integrated, in order to overcome the existing limitations of the current cost monitoring systems.

This research is based on the literature review and the data collected through questionnaire surveys and interviews among 57 professionals in the construction companies in Sri Lanka. With the findings of this research, it is expected to guide construction professionals towards enhancing the current cost monitoring systems in order to become more proactive, and be able to deal with the dynamic, uncertain and complex construction environment that exists in most of the construction projects in Sri Lanka.

Key words: Cost, Cost Monitoring Systems, Projects, Integrated Cost Monitoring Systems (ICMS), Performance Indicators, Construction Industry.

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ABBREVIATIONS

ABC	-	Activity Based Costing
CMS	-	Cost Monitoring System
EMS	-	Enterprise Management System
ERP	-	Enterprise Resource Planning
EVM	-	Earned Value Management
ICMS	-	Integrated Cost Management System
IMA	-	Institute of Management Accountants
KPI	-	Key Performance Indicators
NPV	-	Net Present Value
PCM	-	Project Cost Management
PM	-	Project Manager
ROI	-	Return On Investment
SPI	-	Schedule Performance Index
SV	-	Schedule Variance
WBS	-	Work Breakdown Structure

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