

## **The Impact of Cost Reduction Methods on Cost Overruns in the Sri Lankan Construction Industry**

WN Kawmudi#, SD Jayasooriya, TC Kathriarachchi and AH Lakmal

*Faculty of Built Environment and Spatial Sciences, General Sir John Kotelawala Defence University, Sri Lanka*

#wnkawmudi@kdu.ac.lk

Construction Industry plays a major role in the development of a country. Cost is a basic criterion which measures the success of a project. Though the cost reduction methods are available in the industry, cost overrun has severely affected the status of the Sri Lankan construction industry. Thus, this paper aims to identify the impact of cost reduction methods which are currently used over cost overrun, on the identified management approaches in the Sri Lankan construction industry. This research was assessed through a detailed questionnaire survey and interviews. The number of distributed questionnaires were 60 and the response rate was 88%. Correlation and regression analyses were done with the use of SPSS software to analyse the collected data. The interview questions were assessed through the content analysis. The findings highlighted that there is a positive relationship between cost reduction and those identified management approaches (pre-contract, post-contract, human resource, material & change management). It is recommended to change the cost mitigation measures from traditional methods to new methods such as sustainable construction and value management strategies. Moreover, the implementation issues of these methods were identified and suggestions were made as making proper project planning with the use of actual project data and software skills. While this research focused on finding the impact of cost reduction methods, future research could develop and categorize the modern techniques to reduce the cost and time overruns in construction projects.

**Keywords:** *cost control, management, cost overruns, Sri Lanka*