

**EXAMINE FACTORS RELATED TO COST OVERRUN PROJECTS AND EFFECT  
FOR THE CONTRACTOR'S  
DECISION MAKING (RESIDENTIAL BUILDINGS IN ANURADHAPURA REGION)**

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**ABSTRACT**

Cost overruns, which is huge prevalent negligence in the construction industry, have been a key risk that results in the construction industry's economic slowdown. Project managers are now recognized that project failures can result from the failure of a cost management system or the use of a poor system. Construction costs and contractors' decisions and fulfil the project's objectives on schedule and within budget. Evaluating the preliminary variables that often lead to cost overruns was the main determinant of the current analysis. In most developing countries, construction activity needs huge investment outlays; in addition, most construction projects in these countries are characterized by cost overruns. A descriptive survey was carried out in a typical developing country, through a region (Anuradhapura) in Sri Lanka, in an effort to classify the reasons for such cost overruns. A quantitative analysis approach was used to gather data from residential construction projects within the Anuradhapura district that were obtained using a convenient sampling procedure and using descriptive measures, the data drawn was analyzed. Relative Importance Index (RII) method used to identify prioritisation of important facts and Content analysis was considered in order to establish suggestions for preventing cost overruns.

The findings of the study showed that lack of financial management on cashflow, delays of material delivery during the construction, impacts of price fluctuation on materials, labours productivity/performance problems, major changes in design during the construction period, Inaccurate cost estimation, the impracticable project planning, Cost increase due adverse and wastages of materials at site weather condition were the major critical Activities of cost overruns. These have been further elaborated in the current study with recommendations for prevent or mitigate those cost overruns activities.

***Key words: Residential projects, Construction cost, Cost overruns, Cost overruns prevention***