

Construction Management and Economics >
Volume 30, 2012 - Issue 10

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The principal factors affecting construction project overhead expenses: an exploratory factor analysis approach

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Pages 903-914 | Received 11 Feb 2012, Accepted 30 Jul 2012, Published online: 21 Aug 2012

 Cite this article  <https://doi.org/10.1080/01446193.2012.717706>

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Abstract

Estimation is the first step in the project development process. Information technology provides an efficient platform for estimators to obtain quotations and specifications for their bid estimates. However, in practice, project overhead estimation relies heavily on the professional judgement and intuition of the estimators. This reduces the overall

accuracy of the project overhead estimation. This paper explores the principal factors affecting project overhead expenses. An exploratory factor analysis approach is used to identify the principal factors affecting project overhead expenses. The results show that there are seven principal factors affecting project overhead expenses. These factors are: (1) project size, (2) project complexity, (3) project location, (4) project duration, (5) project risk, (6) project uncertainty, and (7) project variability. The findings clarify some of the principal factors affecting project overhead expenses. The findings also provide a reference to the expert opinions collected from telephone interviews. The findings clarify some

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misconceptions about the factors affecting project overheads and provide useful evidence for practitioners and researchers to understand project overheads. Estimators who address the identified factors when assessing future project overhead costs can improve the accuracy of their cost estimates and project budgets.

Keywords: Cost control cost estimating overheads

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