A Study on the Causes of Cost Overrun in Telecommunications Projects in the Sultanate of Oman

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Abstract

Project successes are always linked with their completion within budget. In many cases projects exceed their budget and suffer cost overrun. Telecommunications industry projects, much like other industries face the problem of cost overrun. This project presents the results of a study conducted to identify factors causing project cost overrun in telecommunications projects. Respondents of this survey included personnel from clients and contractors involved in telecommunications projects in the Sultanate of Oman. According to the analysis results, 14 out of 37 factors were identified as major causes of project cost overruns: (1) changes in the scope of the project by the stakeholders and end users, (2) customer requirements and project scope are not clear, (3) poor risk management (4) improper planning, (4) long period between design and time of bidding/tendering or long tendering process, (6) improper communication between project teams, (7) insufficient dedicated staff allocated to projects, (8) delays in work approval, (9) project team members lacking experience and not having the required qualifications, (10) improper cost estimation at the beginning of the project, (11) unavailability of the right resources (expertise) to do project cost estimation, (12) poor user input and requirements gathering, (13) lowest bidding procurement method and (14) unavailability of change control process. Moreover, this study has investigated if there is an agreement in the ranking of causes of cost overrun between clients and contractors and it was found that there is a degree of agreement. Also, this study has investigated the association between company size and causes of project cost overrun. The results showed that there is not enough evidence to suggest that the causes of cost overrun differ significantly according to company size. Finally, a sample project with cost overrun was selected from the telecommunications industry in the Sultanate of Oman to be a case study to identify the causes of cost overrun.