

AN ANALYSIS OF COST ESTIMATION DONE BY CONSTRUCTION COMPANIES IN ZIMBABWE. CASE OF HARARE

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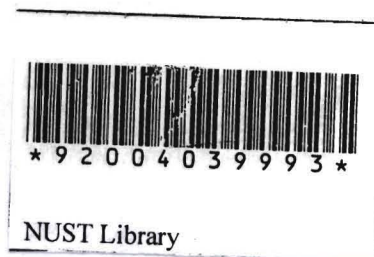
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ABSTRACT

Without an accurate cost estimate, nothing can be done to prevent a loss, regardless of management competence, financial strength of the contractor, or know how. Effective estimating and tendering process is a key to the success of a construction project. Numerous studies have been carried out in past which addressed the process of cost estimation as whole from feasibility estimation by the client to final estimates but however little research has been done on the contractor's estimates prior to bidding particularly in the Zimbabwean context. The study aim of this research is to analyse the effectiveness of cost estimation done by contractors in Zimbabwe. Literature review on methods used to estimate for cost and their effects will be done. Factors taken into consideration by construction companies when estimating for cost and strategies in use to improve the process shall be reviewed. The methodology adopted was through analyzing the questionnaires from construction firms and interviewing the personnel responsible for cost estimation. Case studies where different methods had been used were reviewed to assess effects of different methods. A total of 30 questionnaires were distributed for the study. In addition, interviews were also conducted five individuals forming part of the estimating team. The results of the research reveal that detailed estimating is the most accurate method and the least is elemental estimating. Factors taken into consideration seem to differ from one company to another. The results also revealed that apart from the methods used, there are other factors contributing to inaccurate estimates in Zimbabwe and these include the incompetence of estimating team, project complexity and also the stiff competition is leading to contractors to under price some of their works so as to remain in the construction industry. The research recommends that Construction Companies should regularly review the effectiveness of their cost estimating methods and strategies to keep pace with competition and be profitable and clients should give contractors enough time to estimate their projects accurately.