

**CRITICAL FACTORS AFFECTING THE MARKUP
DECISION IN INFRASTRUCTURE PROJECTS
IN SRI LANKA**

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Degree of Master of Science

Department of Building Economics

University of Moratuwa

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Dissertation submitted in partial fulfilment of the requirements for the degree
Master of Science in Project Management

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DECLARATION

I declare that this is my own work and this dissertation does not incorporate, without acknowledgement, any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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Ranaweera W.R.S.C Date

I hereby acknowledge that W.R.S.C. Ranaweera has followed the dissertation process for the Master of Science in Project Management set by the Department of Building Economics under my supervision.

..... / /2017
Prof. (Mrs.) B.A.K.S Perera. Date of Dissertation Supervisor

ABSTRACT

Critical factors affecting markup decision in infrastructure project in Sri Lanka.

Sri Lankan construction industry is growing rapidly in current time. There is a lot of new projects available to the contractors due to the boom stage of Sri Lankan construction industry. The tender estimate is a vital path to get the projects. Markup decision is a critical step of tender estimating process. This research analyses the critical factors affecting bid markup decision in infrastructure project in Sri Lankan construction industry. This study expects to fulfill the research gap and uplift the Sri Lankan contractors' bid markup decision. The aim of this research is to identify critical factors affect bid markup decision in infrastructure projects in Sri Lanka. This research has been conducted through literature reviews, questionnaire survey and cross case analysis. The questionnaire included eighteen factors identified through literature reviews and preliminary interviews with a view to finding the critical factors which affect the bid markup decisions of Sri Lankan contractors. The analysis of data revealed that there is a nine critical factors identified as critical factors and further cross case analysis was done to identify the relationship between markup and each critical factors by selecting ten recently tendered infrastructure projects in Sri Lankan construction industry as this research is limited to infrastructure projects. These conclude that how much each critical factor affects the contractor's markup decision for their tender estimates. The study recommended that contractors give more attention to the cost estimate accuracy to make an appropriate markup the projects in a better way by avoiding cover estimate uncertainty risk into markup and train staff to estimate accurately and to hire qualified technical staff in order to obtain an accurate estimate.

Keywords: tender cost estimation, accuracy, contractors, mark up.

Dedication.....

*This dissertation is
lovingly dedicated to
my beloved
father, mother, wife
& son
for their
Love and Supports*

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This dissertation is not just a single effort of mine. This is the result of an immense effort and support given by lots of others. Therefore, I would like to record my sincere thanks for those who spent their valuable time with courtesy.

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At the end I would like to express appreciation to my beloved wife who spent sleepless nights and was always my support in the moments when there was no one to answer my queries.

Ranaweera W.R.S.C.

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LIST OF ABBREVIATIONS

| | |
|------|---|
| RII | Relative Importance Index |
| LKR | Sri Lankan Rupee |
| RIBA | Royal Institution of British Architects |