

## Understanding Project Failures in Construction: The Critical Impact of Financial Capacity

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**Abstract :** This research investigates the effects of poor cost estimation, material cost variations, and payment punctuality on the financial health and execution of construction projects in Nigeria. To achieve the objectives of the study, a quantitative research approach was employed, and data was gathered through an online survey of 74 construction industry professionals consisting of quantity surveyors, contractors, and other professionals. The study surveyed input on cost estimation errors, price fluctuations, and payment delays, among other factors. The responses of the respondents were analyzed using a five-point Likert scale and the Relative Importance Index (RII). The findings demonstrated that the errors in cost estimating in the Bill of Quantity (BOQ) have a high degree of negative impact on the reputation and image of the participants in the projects. The greatest effect was experienced on the likelihood of obtaining future endeavors for contractors (mean value = 3.42), followed by the likelihood of obtaining new commissions by quantity surveyors (mean value = 3.40). The level of inaccuracy in costing that undershoots exposes them to risks was most serious in terms of easement of construction and effects of shortage of funds to pursue bankruptcy (hence fears of mean value = 3.78). There was also considerable financial damage as a result of cost underestimation, whereby contractors suffered the worst loss in profit (mean value = 3.88). Every expense comes with its own peculiar risk and uncertainty. Pressure on the cost of materials and every other expense attributed to the building and completion of a structure adds risks to the performance figures of a project. The greatest weight (mean importance score = 4.92) was attributed to issues like market inflation in building materials, while the second greatest weight (mean importance score = 4.76) was due to increased transportation charges. On the other hand, delays in payments arising from issues of the clients like poor availability of funds (RII=0.71) and contracting issues such as disagreements on the valuation of works done (RII=0.72) or other reasons were also found to lead to project delays and additional costs. The results affirm the importance of proper cost estimation on the health of organization finances and project risks and finishes within set time limits. As for the suggestions, it is proposed to progress on the methods of costing, engender better communications with the stakeholders, and manage the delays by way of contracting and financial control. This study enhances the existing literature on construction project management by suggesting ways to deal with adverse cost inaccuracies and availability of materials due to delays in payments which, if addressed, would greatly improve the economic performance of the construction business.

**Keywords :** cost estimation, construction project management, material price fluctuations, payment delays, financial impact

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