Cost Control Under Inflation in Construction Company

by Abraham Warszawski, (M.ASCE), Assoc. Prof.; Dept. of Civ. Engrg., Technion - Israel Inst. of Tech., Haifa, Israel,

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Abstract:
The various features of an effective cost control system, employed in a construction company under inflationary conditions, are presented. The characteristics of revenue oriented and standard oriented cost control systems in construction are explained, and their advantages and limitations are discussed. The necessary adjustments, under both methods, for their effective application under inflation are introduced. The method for cash flow control under inflation is also explained. Typical problems of practical application are discussed and some clues to the analysis of economic feasibility of cost control system in a construction company are provided.

Subject Headings: Control systems | Construction costs | Construction companies | Revenues | Building codes | Economic factors | Feasibility studies

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High levels of construction activity and skills shortages, along with the knock-on effects of commodity market volatility and economic slowdown in China, are already having a significant impact on the costs associated with constructing real estate. Understanding how these changes can affect the delivery of major projects and programmes, both local and international, is key for investors and developers already operating in, or considering entering, the construction industry globally. Our 2016 international construction market survey shows a changing picture, with general slowdown in global construction activity and few locations seeing significant price growth throughout the year. Our 2016 survey is our largest and most in-depth to date.