



RESOURCE CONSTRAINTS AND CONCEPTUAL COST MODELLING IN CONSTRUCTION PROJECTS

Leena Patil¹, M.E. Student, Department of Civil Engineering, Shivajirao S. Jondhale College of Engineering & Technology, Asangaon, Shahapur, Thane, Mumbai, India

R. Mahadeva Swami², Associate Professor, Department of Civil Engineering, Shivajirao S. Jondhale College of Engineering & Technology, Asangaon, Shahapur, Thane, Mumbai, India

Kuttimarks M. S³, Associate Professor, Department of Civil Engineering, Shivajirao S. Jondhale College of Engineering & Technology, Asangaon, Shahapur, Thane, Mumbai, India

Y. S. Patil⁴, Professor & Head, Department of Civil Engineering, Shivajirao S. Jondhale College of Engineering & Technology, Asangaon, Shahapur, Thane, Mumbai, India

ABSTRACT

The construction industry is one of the largest contributors to economic growth, yet it remains plagued by persistent challenges such as cost overruns, time delays, and resource constraints. In India, these issues are particularly acute due to rapid urbanization, increasing demand for infrastructure, and limited availability of skilled labor and materials. This study investigates the managerial aspects of planning and delay analysis in construction projects, focusing on the identification of resource constraints and the application of Artificial Neural Networks (ANN) for conceptual cost prediction. A mixed-methods approach was adopted, combining literature review, questionnaire surveys, and statistical analysis using the Relative Importance Index (RII). Survey responses from clients and contractors revealed that labor shortages, material price escalation, and financial delays are the most significant contributors to cost overruns. An ANN model was then developed and trained using project data to predict conceptual costs more accurately. The model demonstrated strong predictive capabilities, with regression plots confirming high correlation between predicted and actual costs. The findings emphasize that resource constraints are not merely operational challenges but strategic issues that directly impact project success. By integrating ANN into cost estimation practices, project managers can enhance their ability to forecast costs, allocate resources efficiently, and mitigate risks of escalation. This study contributes to sustainable construction management by offering a practical, data-driven tool that supports both economic and social dimensions of project delivery. Ultimately, the research underscores the importance of combining managerial insight with advanced computational techniques to achieve reliable planning and execution in construction projects.

Keywords: Relative Importance Index (RII), Analytic Network Process (ANP), Risk Assessment, Risk Mitigation, Construction Projects, Project Management.

I. INTRODUCTION

Construction projects are inherently complex undertakings characterized by interdependent activities, multiple stakeholders, and dynamic environments. They operate within constraints of time, cost, quality, and safety, making effective planning and management essential for success. In India, the construction industry plays a pivotal role in driving economic growth, yet it faces recurring problems of cost overruns and project delays. These challenges stem from resource inefficiencies, poor conceptual cost estimation, and unpredictable external factors such as inflation, regulatory changes, and environmental concerns.

Conceptual cost estimation (CCE) is a critical process during the early stages of project planning. It provides stakeholders with preliminary insights into the economic feasibility of a project and guides decision-making regarding resource allocation, scheduling, and procurement. However, traditional estimation techniques often rely on limited data and subjective judgment, resulting in inaccuracies. The absence of reliable cost prediction mechanisms can lead to significant financial risks, undermining project viability and stakeholder confidence.

Resource constraints are among the most influential factors affecting project performance. Labor shortages, material procurement delays, equipment availability, and financial limitations directly impact both cost and time. When resources are not adequately planned or managed, activities extend beyond stipulated durations, leading to cascading delays and escalations. Project managers must therefore adopt systematic approaches to identify, prioritize, and mitigate resource-related risks.

Artificial Neural Networks (ANNs) offer a promising solution to the limitations of conventional cost estimation methods. Inspired by the human brain’s ability to learn and generalize, ANNs can model complex nonlinear relationships between input variables and outputs. In construction management, ANNs can be trained on historical project data to predict conceptual costs with greater accuracy. Unlike regression or probabilistic models, ANNs do not require prior assumptions about functional relationships, making them particularly suitable for handling uncertain and incomplete data.

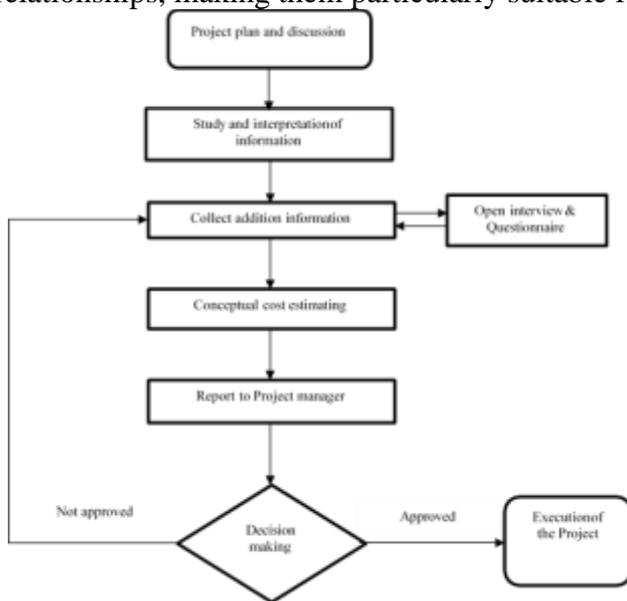


Figure 1: Procedural stages of estimators and planning engineers

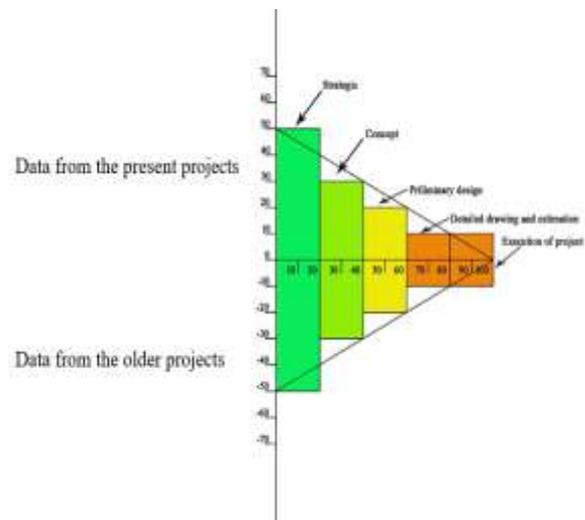


Figure 2: Inter-segmental activities for the construction projects

II. LITERATURE REVIEW

Extensive research has been conducted on cost estimation, resource management, and delay analysis in construction projects. Early studies emphasized the importance of accurate cost estimation during the planning phase, noting its impact on project success (Wang et al., 2012; Kim et al., 2004). Cost estimates serve multiple purposes, including feasibility analysis, tendering, and financial planning. Reliable estimates allow designers and engineers to understand the cost implications of their decisions, while contractors use them to secure projects and ensure profitability.

Cost overruns and escalations are recurring issues globally. Frimpong et al. (2001) identified poor contractor management, material procurement delays, and price escalation as major causes of overruns in Ghanaian projects. Touran (2003) proposed probabilistic models for cost contingency, highlighting the role of change orders and unforeseen events. Similarly, Knight et al. (2002) applied fuzzy logic to predict potential overruns in building projects, demonstrating the value of advanced computational techniques.

In the Indian context, resource constraints are particularly significant. Labor shortages, rising material costs, and financial delays frequently disrupt project schedules. Studies by Kiwus et al. (2001) and Xiao (2003) emphasized the importance of contractor performance, workforce stability, and subcontractor relationships in mitigating delays. Maloney (2003) highlighted labor-management cooperation as a key factor influencing customer satisfaction and project outcomes.

Traditional estimation methods, such as regression analysis and factor-based models, have limitations. Trost et al. (2003) developed a multivariate regression model to predict estimate accuracy, identifying UGC CARE Group-1



factors such as process design, team experience, and site requirements. While useful, these models often require extensive data and assumptions, making them less adaptable to uncertain environments. Wilmot et al. (2003) studied highway construction costs, finding that material, labor, and equipment were the most influential factors, alongside contract size and location.

Artificial Neural Networks (ANNs) emerged as a powerful alternative in the late 1980s. ANNs can learn from examples, recognize patterns, and generalize outputs, making them suitable for nonlinear problems. In construction management, ANNs have been applied to cost estimation, productivity analysis, and risk assessment. Their ability to handle incomplete and uncertain data sets them apart from traditional methods. Researchers have demonstrated that ANN models achieve competitive accuracy, often outperforming conventional techniques in predicting conceptual costs.

Objective of the Research

III. RESEARCH OBJECTIVES

The various resources involved in construction projects and the influence of resource constraints on delay of the project was intensively studied. The various factors involved in the early stage cost estimation were considered and the conceptual cost modeling was done using Artificial Neural Network (ANN) to avoid cost overrun of the projects. This research has been envisaging the following objectives.

- Identification of major resources and resource constraint in the construction projects causing cost overrun.
- To predict the conceptual cost of the construction project using comprehensive ANN model.
- Performance evaluation of the developed ANN model with actual cost incurred in construction projects.

IV. RESEARCH METHODOLOGY

A. Data Collection

The research methodology was designed to systematically identify resource constraints and develop an ANN model for conceptual cost prediction. The study followed a mixed-methods approach, combining qualitative and quantitative techniques.

Survey Design: A structured questionnaire was developed to capture perceptions of clients and contractors regarding factors contributing to cost overruns. The survey included questions on labor availability, material procurement, equipment usage, and financial constraints. Responses were collected from 119 participants, comprising 66 clients and 53 contractors.

Analytic Hierarchy Process (AHP): To prioritize resource constraints, the AHP methodology was employed. This technique allows decision-makers to structure complex problems into a hierarchy and perform pairwise comparisons to determine relative importance.

Relative Importance Index (RII): Survey responses were analyzed using RII to rank significant factors. This statistical tool quantifies the importance of each factor based on frequency and severity, providing a clear hierarchy of resource constraints.

ANN Model Development: Based on survey findings, input variables were identified for the ANN model. These included labor, material, equipment, and financial parameters. The model was developed using MATLAB, employing a feed-forward backpropagation architecture. Data collected from construction projects were used to train and test the model, ensuring robustness and accuracy.

Validation: The ANN model's performance was evaluated using regression plots and error analysis. The correlation between predicted and actual costs was assessed to determine the model's reliability.

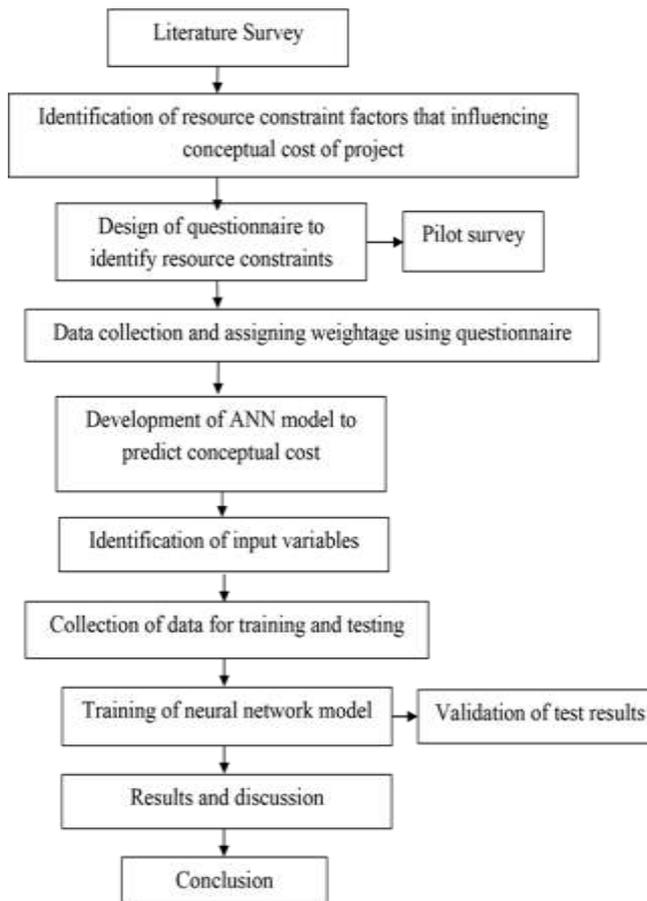


Figure 5: Research methodology framework (flowchart)

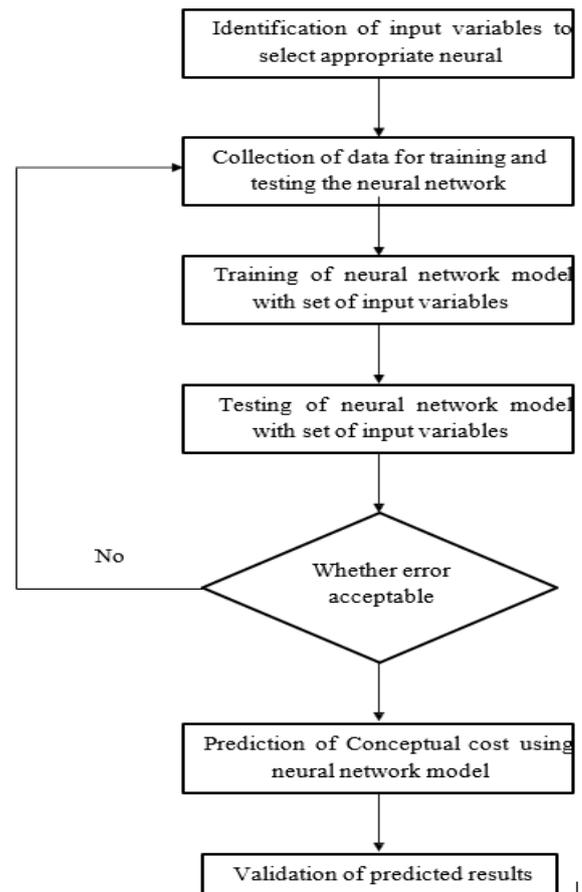


Figure 6: ANN conceptual framework (input, hidden, output layers)

V. RESULTS AND DISCUSSION

The survey analysis revealed critical insights into resource constraints affecting construction projects in India. Labor shortages were consistently ranked as the most significant factor, followed by material price escalation and financial delays. Equipment availability, while important, was perceived as less critical compared to labor and material issues. These findings highlight the central role of human and material resources in determining project success.

The Relative Importance Index (RII) confirmed that labor and material constraints are the primary drivers of cost overruns. Clients emphasized financial delays, while contractors highlighted procurement challenges. This divergence underscores the need for collaborative approaches to resource management, where both financial planning and supply chain efficiency are addressed simultaneously.

The ANN model was developed using these inputs and trained on project data. Regression plots demonstrated strong correlation between predicted and actual costs, with minimal error margins. The model achieved high accuracy, outperforming traditional estimation methods. Validation results indicated that the ANN could generalize effectively, making it suitable for diverse project scenarios. Discussion of results reveals several managerial implications. First, resource constraints must be treated as strategic issues rather than operational challenges. Project managers should prioritize labor planning and material procurement during the early stages of project formulation. Second, the ANN model provides a practical tool for conceptual cost prediction, enabling managers to make informed decisions even with limited data. Third, integrating ANN into construction management practices supports sustainable project delivery by reducing risks of cost escalation and enhancing resource efficiency.

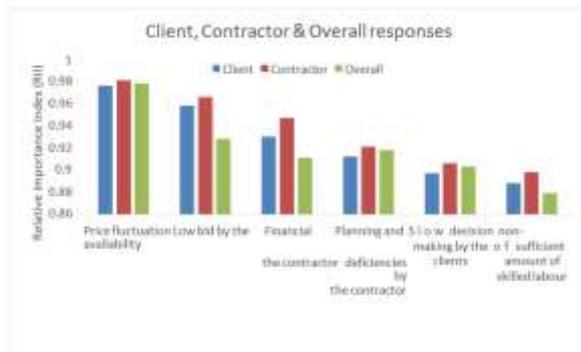


Figure 7: Ranking of significant factors causing cost overruns

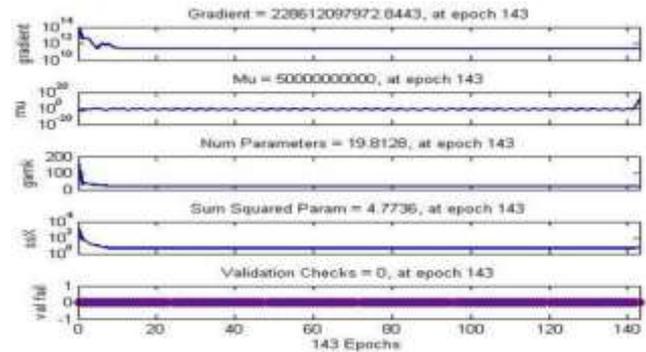


Figure 8: Overall status of the neural network

VI. CONCLUSIONS

This research demonstrates that resource constraints are the primary drivers of cost overruns in Indian construction projects. Labor shortages, material price escalation, and financial delays were identified as the most influential factors. The ANN-based conceptual cost model provides project managers with a robust tool for early-stage cost prediction, enabling more accurate budgeting and resource allocation.

The findings underscore the critical importance of addressing resource constraints strategically rather than merely operationally. Labor availability, in particular, emerged as a pivotal factor affecting project timelines and costs. Shortages in skilled labor can lead to delays, reduced productivity, and increased reliance on costly subcontractors or overtime work. Similarly, fluctuations in material prices introduce uncertainty that complicates procurement planning and financial forecasting. Financial delays, including payment bottlenecks and funding shortages, further exacerbate these challenges by disrupting cash flow and delaying critical project activities.

By integrating Artificial Neural Networks into the cost estimation process, this study offers a data-driven approach that surpasses traditional estimation methods in accuracy and adaptability. The ANN model's ability to learn from historical project data and capture nonlinear relationships between variables allows it to provide reliable cost predictions even in the face of incomplete or uncertain information. This capability is particularly valuable in the dynamic and complex environment of construction projects, where unforeseen factors frequently impact outcomes.

Moreover, the ANN-based approach facilitates proactive risk management by enabling project managers to identify potential cost overruns early in the planning phase. This early warning system supports better decision-making, allowing for timely adjustments in resource allocation, scheduling, and procurement strategies. Consequently, projects can achieve improved cost control, reduced delays, and enhanced overall performance.

The managerial implications of this research extend beyond cost estimation. Effective resource management, supported by advanced computational tools like ANN, contributes to sustainable construction practices by optimizing the use of labor, materials, and finances. This optimization not only reduces waste and inefficiencies but also promotes stakeholder satisfaction by delivering projects on time and within budget.

Furthermore, the study highlights the importance of collaboration among clients, contractors, and other stakeholders in addressing resource constraints. Divergent perceptions of critical factors, such as financial delays and procurement challenges, suggest that integrated communication and joint planning efforts are essential for mitigating risks. Establishing transparent channels for information sharing and aligning expectations can foster a cooperative environment conducive to project success.

While the ANN model demonstrated strong predictive performance, future research could explore its application across different types of construction projects and geographic regions to validate



its generalizability. Additionally, incorporating real-time data and integrating ANN with other emerging technologies, such as Building Information Modeling (BIM) and Internet of Things (IoT) sensors, could further enhance cost estimation accuracy and project monitoring capabilities.

In conclusion, this study contributes to the field of construction management by providing empirical evidence on the impact of resource constraints and demonstrating the practical benefits of ANN-based cost estimation. By embracing these insights, project managers can improve planning accuracy, optimize resource utilization, and ultimately achieve more successful project outcomes in the challenging landscape of Indian construction projects.

This research demonstrates that resource constraints are the primary drivers of cost overruns in Indian construction projects. Labor shortages, material price escalation, and financial delays were identified as the most influential factors. The ANN-based conceptual cost model provides project managers with a robust tool for early

Conflict of Interest

The authors declare no conflicts of interest, including financial or other relationships that may bias the work. All authors have made substantial contributions to this research and have approved the final manuscript. This work has not been previously published or submitted for publication elsewhere.

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