

**ANALYSIS OF DISPUTES TOWARDS EFFECTIVENESS  
OF NEGOTIATION IN THE SRI LANKAN  
CONSTRUCTION INDUSTRY: CONTRACTORS'  
PERSPECTIVE**

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**Degree of Master of Science in Construction Law & Dispute  
Resolution**

**Department of Building Economics**

**University of Moratuwa**

**Sri Lanka**

**May 2016**

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**Dissertation submitted in partial fulfillment of the requirements for the Degree  
of Master of Science in Construction Law & Dispute Resolution**

**Department of Building Economics**

**University of Moratuwa  
Sri Lanka**

**May 2016**

## DECLARATION

I declare that this is my own work and dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any University or Institute of higher learning and to the best of my knowledge and believe 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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The above candidate has carried out research for Master Dissertation under my supervision

Signature of the Supervisor:

Date: 11 May 2016

## ABSTRACT

Sri Lankan construction industry is one of the growing industry from the recent past upon end of the three decade civil war. Because of the multi-party involvement in the construction industry and complex in nature, parties are always prone to face numerous disputes in their journey while attempt to safeguard their respective interests. Once the disputes emerged amongst the parties, they seeks suitable ways to solve the disputes in an amicable manner to the parties however it is not always possible for them to reach such amicable solution while maintain the interest of the all parties. Compare with the other approaches available for dispute resolutions, negotiation said to be as easiest, very efficient and economical and less time consuming process. However, the negotiation in the Sri Lankan construction industry is an undesired process for the parties in disputes due to higher rate of its failures.

This research were conducted to analyses disputes towards the effectiveness of negotiation in the Sri Lankan construction industry by identifying the causes for the positive and negative outcome of the negotiations and investigating the relationship between negotiation outcomes to Project characteristics, professionals involved in negotiation, time taken for negotiation, monetary value involved, and causes of dispute etc.

Data was collected and analyzed using document analyses methodology using quantitative data analyses techniques respectively. The research concludes that unethical, unprofessional practice of the construction professionals and appointment of in-house team of client as contract administrators and aging of negotiation along with some of the project characteristics such as types of the client, procurement method etc. were major contributors possess significant relations to the negotiation outcome despite the common factors: unpreparedness, skill level of negotiator, model and tactics, cultural barrier and gender mix in the team were found in the literature review.

**Key world: construction industry, dispute, negotiation, causes of negotiation for failures and successes, Sri Lanka**

## **DEDICATION**

This research dissertation is dedicated to my beloved wife who has given her moral support, encouragement and assistance scarifying her needs and interests to fulfill this MSc program.



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## TABLE OF CONTENTS

DECLARATION .....	i
ABSTRACT.....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENTS.....	iv
LIST OF FIGURES .....	vii
LIST OF TABLES .....	viii
LIST OF ABBREVIATIONS.....	x
CHAPTER ONE: INTRODUCTION.....	11
1.1 Background of the Study .....	11
1.2 Problem Justification.....	12
1.3 Aim and Objectives of the Research.....	12
1.4 Research Methodology.....	13
1.5 Scope and Limitations.....	13
1.6 The Structure of the Research .....	14
CHAPTER TWO: LITERATURE REVIEW .....	16
2.1 Introduction .....	16
2.2 Definition of Negotiation .....	16
2.3 Is Negotiation Inevitable in the Construction Contracts? .....	17
2.4 Rules and Regulations for Negotiation .....	18
2.5 Negotiation Principle and Process.....	18
2.6 Factors influencing the Negotiation Outcome .....	19
2.7 Summary .....	30
CHAPTER THREE: RESEARCH METHODOLOGY .....	31
3.1 Introduction .....	31
3.2 Research Process .....	31
3.3 Theoretical Framework of the Research .....	31

3.5 Population Frame .....	32
3.6 Sample Size Selection .....	33
3.6.1 Sample .....	33
3.6.2 Sampling and Sampling Design .....	33
3.6.3 Determination of Simple Sample Size.....	34
3.7 Data Collection.....	34
3.8 Data Analysis .....	35
3.9 Summary .....	35
<b>CHAPTER FOUR: DATA COLLECTION AND ANALYSIS .....</b>	<b>36</b>
4.1 Introduction .....	36
4.2 Profile of the cases analyzed .....	36
4.3 Analysis of cases resolved through Negotiation .....	38
4.3.1 Project characteristics .....	38
4.3.2 Causes for dispute negotiation.....	44
4.3.3 Monetary value involved in negotiation .....	47
4.3.4 Construction professionals involved in negotiation .....	49
4.3.5 Time taken for negotiation .....	49
4.3.6 Gender involvement in negotiation .....	50
4.3.7 Negotiation outcome.....	51
4.4 Analysis of relationship between negotiation outcome.....	53
4.5 Summary .....	64
<b>CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>65</b>
5.1 Introduction .....	65
5.2 Conclusions and Recommendations.....	65
5.3 Limitations .....	68
5.4 Recommended further study .....	68
<b>REFERENCES .....</b>	<b>69</b>



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## LIST OF FIGURES

	Page
Figure 1: Overview of research process of Research Methodology	32
Figure 2: Origin of the contractor	38
Figure 3: Origin of the contractor	40
Figure 4: Representation of Procurement method within the sample	40
Figure 5: Sub-sector Distribution	41
Figure 6: Range of contract value of the cases	42
Figure 7: Professional Involvement	49



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## LIST OF TABLES

	Page
Table 1: Profile of the sample cases	37
Table 2: Classification of the type of engineer	39
Table 3: Duration of contract of the sample	43
Table 4: Governing condition of contract	43
Table 5: Funding agency of projects	44
Table 6: Causes of disputes	45
Table 7: Magnitude of the monetary value involved in negotiation	47
Table 8: Time taken for negotiation outcome	50
Table 9: Gender involvement in negotiation	50
Table 10: Detail of negotiation outcomes	51
Table 11: Summary of negotiation outcome against reasons	53
Table 12: Relationship between types of client negotiation outcome	54
Table 13: Relationship between type of engineer and negotiation outcome	55
Table 14: Relationship between origin of contractor and negotiation outcome	55
Table 15: Relationship between procurement methods and negotiation outcome	56
Table 16: Relationship between type of projects and negotiation outcome	57
Table 17: Relationship between contract value and negotiation outcome	57
Table 18: Relationship between contract duration and negotiation outcome	58

Table 19: Relationship between standard forms of contract & negotiation outcome	59
Table 20: Relationship between funding agency and negotiation outcome	60
Table 21: Relationship between causes of disputes and negotiation outcome	61
Table 22: Relationship between monetary value involved & negotiation outcome	62
Table 23: Relationship between construction professional & negotiation outcome	63
Table 24: Time taken for negotiation and negotiation outcome	63
Table 25: Gender involvement and negotiation outcome	64



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## LIST OF ABBREVIATIONS

ADR	- Alternative Dispute Resolution
APD	- Additional Project Director
BATNA	- Best Alternative to Negotiation Agreement
BOQ	- Bill of Quantities
CEA	- Central Environment Authority
CIDA	- Construction Industry Development Authority
FIDIC	- Federation Internationale DesIngenieursCounseils
GSMB	- Geological Survey and Mining Bureau
ICTAD	- Institute for Construction, Training and Development
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SBD/02	Standard Bidding Document/02
CB	- Central Bank of Sri Lanka
LKR	- Sri Lankan Rupees
Mn	- Million