

**A WIN-WIN APPROACH TO SUBCONTRACTING  
IN BUILDING CONSTRUCTION OF SRI LANKA**

**MASTER OF SCIENCE  
IN  
CONSTRUCTION PROJECT MANAGEMENT**

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# **A WIN-WIN APPROACH TO SUBCONTRACTING IN BUILDING CONSTRUCTION OF SRI LANKA**

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“This dissertation was submitted to the Department of Civil Engineering of the University of Moratuwa in partial fulfillment of the requirements for the Master of Science in Construction Project Management”.

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**DECLARATION**

I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university to the best of my knowledge and believe it does not contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text. I also hereby give consent for my dissertation, if accepted, to be made available for photocopying and for inter library loans, and for the title and summary to be available to outside organizations.

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## ABSTRACT

The issues prevalent amongst main contractors and subcontractors have continued to grow in the absence of mitigation methods that are favourable to both parties with the increased use of subcontracting in the construction industry. The aim of this research is to develop a 'win-win' approach to subcontracting by further developing a strategy proposed in prior literature for implementation in the building construction projects of Sri Lanka. This study has shown that effective management of identified critical factors affecting the subcontracting relationship and effective management of identified critical factors affecting the performance of a non-specialised subcontractor can produce a 'win-win' outcome for both parties. In this study the critical factors were identified via a questionnaire distributed to decision makers of main contractors and further explored through semi-structured interviews with project managers representing the main contractors. Main contractors have responded that '*Mutual trust and good communication between the main contractor and the subcontractor*', '*Flexibility, cooperation and active participation of the main contractor*' and '*Clear understanding of the work scope by the subcontractor*' are the most critical factors affecting the relationship whilst '*Time & cost management capability of subcontractor*', '*Availability of finance/working capital for main contractor and subcontractor*' and '*Design errors, late design changes, specialised design etc.*' are the most critical factors affecting the performance of a subcontractor. This study concluded it is possible to successfully implement this proposed 'win-win' approach in the industry due to the changing landscape of subcontracting in building construction of Sri Lanka where main contractors are increasingly treating subcontractors as equal partners. It is emphasised in the study that overcoming the challenges in implementation requires careful consideration of the satisfaction of the other party by the both parties during each step of subcontracting by following the recommendations given to improve the critical factors identified in this study.

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## **ABBREVIATIONS**

CIDA	-	Construction Industry Development Authority
EOT	-	Extension of Time
GDP	-	Gross Domestic Product
MEP	-	Mechanical, Electrical and Plumbing
QA/QC	-	Quality Assurance/ Quality Control
Rs	-	Sri Lankan Rupees
UK	-	United Kingdom
USA	-	United States of America
USD	-	United States Dollars