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

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Resolution

Department of Building Economics

University of Moratuwa
Sri Lanka

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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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Signature:       Date: 11th May 2016

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 outcome to project characteristics, professionals involved in negotiation, time taken for negotiation, monitory value involved, and causes of dispute etc.

Data was collected and analyzed using document analyse 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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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
SBD/01 - Standard Bidding Document/01
SBD/02 - Standard Bidding Document/02
CB  - Central Bank of Sri Lanka
LKR  - Sri Lankan Rupees
Mn  - Million