

**AVOIDANCE OF DISPUTES ARISING FROM CLAIMS
ON BUILDING CONSTRUCTION CONTRACTS: A
STUDY IN SRI LANKAN CONTEXT**

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Degree of Master of Science in Construction Law and
Dispute Resolution

Department of Building Economics

Faculty of Architecture

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DECLARATION

I hereby declare that this dissertation is entirely my own work. It has not been submitted previously, in whole or in part, for the award of a degree or any other qualification at any university or institution of higher learning. To the best of my knowledge, it does not include any material that has been published or written by another individual, except where proper acknowledgment has been made within the text.

Furthermore, I wish to acknowledge the intellectual guidance and support of my research supervisor, Senior Lecturer Mr. Mahesh Abeynayake, whose contribution was invaluable to the successful completion of this dissertation. I also affirm that no part of this research will be published without including the name of my research supervisor as a contributing author, unless prior written consent has been obtained from him.

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H.G. Hettiarachchi

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Date

The above candidate has carried out research for the Dissertation under my supervision.

.....

Senior Lecturer Mr. Mahesh Abeynayake.

.....

Date

Dissertation Supervisor

ABSTRACT

Building construction projects are typically large and complex. Construction industry has experienced disputes over a decades across various project contexts. Such disputes are particularly prevalent in projects of complex nature, especially those involving claims. In recent years, claims in building construction projects have increased significantly and are now considered a primary source of disputes. Within public and private sector building construction contracts, many stakeholders lack a sufficient awareness of claims management and dispute avoidance strategies. Therefore, the implementation of the effective construction claim and dispute management mechanisms is essential.

This research adopted a mixed method approach, incorporating semi structured interviews and a questionnaire survey to achieve its aim of exploring and analyzing the causes of disputes arising from claims in building construction contracts within the Sri Lankan context. The study further sought to identify effective strategies and provide recommendations for minimizing and avoiding such disputes, thereby contributing to the smoother execution of building construction projects in Sri Lanka. A purposive sample of seven professionals were interviewed to validate the findings of the literature review, and content analysis was employed to analyze the interview findings. The second stage of data collection involved a questionnaire distributed among experienced professionals engaged in the building construction industry, including engineers, quantity surveyors and selected legal practitioners with expertise in construction dispute resolution. The questionnaire findings were analyzed using the Statistical Package for Social Science (SPSS) and ranked using the Relative Importance Index (RII).

Based on the findings, the recommended twelve strategies for dispute mitigation and avoidance include; re-draft and clarify contentious clauses (time bars, variation order process, payment timelines, and escalation indices), along with preparing contract summaries for site teams (**S1, S20**). According to the contract, payment discipline: through certification calendars, automated reminders, and the application of interest for overdue payments (**S2**). Mandate a single digital Data Management System (DMS) with metadata and audit trails; while enforcing site diary discipline (**S3, S19**). Ensuring front-end design gate ($\geq 90\%$ completeness) and early contract identification for buildability issues; combined with hard variation orders (**S4–S5, S11**). Providing claims and contract training (initial + annual refresh), supported by notice automation to avoid time-bar lapses (**S6, S14**). Establishing standing DAAB/DAB for early neutral evaluation and dispute avoidance (**S7**); maintaining risk registers on monthly basis (**S15**).

Key-words: *Building construction industry, Claims, Disputes, Stakeholders.*

DEDICATION

*Dedicated to
My Beloved Parents
And
Respected Teachers*

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LIST OF ABBREVIATIONS

ADR	-	Alternative Dispute Resolution
ANOVA	-	Analysis of Variance
BOQ	-	Bill of Quantity
BIM	-	Building Information Modeling System
CBSL	-	Central Bank of Sri Lanka
CIDA	-	Construction Industry Development Authority
CITC	-	Corrected Items Total Correlations
DAB	-	Dispute Adjudication Board
DAAB	-	Dispute Avoidance and Adjudication Board
DMS	-	Data Management System
DR	-	Dispute Resolution
ECI	-	Early Contractor Involvement
EFA	-	Exploratory Factor Analysis
EOT	-	Extension of Time claims
FIDIC	-	Fédération Internationale des Ingénieurs-Conseils
GDP	-	Gross Domestic Product
ICTAD	-	Institute of Construction Training and Development
JCT	-	Joint Contract Tribunal
KMO	-	Kaiser – Meyer- Olkin
KPI	-	Key Performance Indicator
NEC	-	New Engineering Contract
OLS	-	Ordinary Least Squares
PSS	-	Preliminary Standard Specification
RACI	-	Responsible, Accountable, Consulted and Informed
SBD	-	Standard Bidding Document
SCL	-	Society of Construction Law
SD	-	Standard Deviation
SE	-	Standard Error
SLA	-	Service Level Agreement

SPSS	-	Statistical Package for Social Sciences
SSCL	-	Social Security Contribution Levy
VAT	-	Value Added Tax
VO	-	Variation Order
W/O	-	With Out