

**CRITICAL FACTORS AFFECTING THE PRACTICE OF
ALTERNATIVE DISPUTE RESOLUTION METHODS IN
BUILDING PROJECTS IN SRI LANKA**

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(179185F)

Degree of Master of Science in Construction Law and Dispute
Resolution

Department of Building Economics

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ABSTRACT

Critical factors affecting the practice of alternative dispute resolution methods in building projects in Sri Lanka

The construction industry is a unique and complicated industry that interacts with a variety of stakeholders with differing attitudes, abilities, and degrees of knowledge in the construction process, all of whom must work together to achieve their own objectives and realize their own benefits. Therefore, conflicts, disputes and claims are higher in the construction industry while comparing with other industries. Disputes can arise at any time during the period of a construction project. A dispute is one of the key factors which burdens the successful completion of the project.

Mechanism adopts to resolve any dispute arises during the execution of construction project is vital to the success of a project. There are two main ways of resolving disputes in a construction project which are litigation and Alternative Dispute Resolution methods. Due to the disadvantages in Litigation, ADR mechanisms are commonly used mechanisms to settle dispute in the construction industry. However, existing ADR mechanisms are also have various demerits. It is important to identify the factors which are affecting on building projects in Sri Lanka to promote and effectively use ADR methods as a dispute resolution mechanism.

The literature review was used to develop research framework for this study. Through literature review, twenty-two factors that are affecting the practice of ADR methods in the building projects were found. Then, a questionnaire survey has been undertaken to identify the impact of those factors on the practice of ADR methods in the building projects in Sri Lanka. Data collected through the questionnaire survey was analysed using mean weighted rating and identified twenty two factors were ranked according to the significant level of factors. As an example, the top five factors are savings in cost, the enforceability of the decision, the flexibility of procedure, savings in time, and reduction in project disruption. Finally, the findings of this research can be used to develop a model to select the most suitable ADR method by comparing it with the other available ADR methods and developing new ADR methods to mitigate the drawbacks of existing ADR methods.

Keywords: Alternative dispute resolution, Dispute, Critical factors, Sri Lanka

DEDICATION

*To my family,
who were always there to encourage me.*

ACKNOWLEDGEMENT

For the success of this dissertation many have to be contributed. The support, encourage and supervision I received from all the individuals who helped me is reminded with heartfelt gratitude.

First and foremost my heartfelt gratitude goes to my supervisor, Dr. K. A. K. Devapriya. His commitment towards the success of this research was immense and cannot be explained through words. His advices, guidance, encouragement and especially innovative thinking was always a major driving force in making this effort a complete success.

My special gratitude goes to Acting Head of the Department of Building Economics and the Programme Director, Prof. Yasangika Sandanayake, for her enormous support and dedication in providing postgraduates with necessary knowledge and guidance. Also, I convey my deepest gratitude and all the members in the academic staff and the non-academic staff of the Department of Building Economics for their support.

Special thanks go to all industry professionals who provide enormous support and corporation to complete a successful data collection by sharing their valuable knowledge and experiences with me.

My final words of thanks belongs to my family members, my fellow students, friends and well-wishers who kept me live and encouraged till the last jump of this endeavour.

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LIST OF ABBREVIATIONS

ADR	: Alternative Dispute Resolution
CIDA	: Construction Industry Development Authority
DAB	: Dispute Adjudication Board
DRA	: Dispute Resolution Adviser
DRB	: Dispute Review Boards
ICTAD	: Institute for Construction Training and Development
SBD	: Standard Bidding Document