

**EFFECTIVE CLAIM NEGOTIATION: KEY  
DETERMINANTS IN SRI LANKAN CONSTRUCTION  
PROJECTS**

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M.Sc. in Construction Law and Dispute Resolution

Department of Building Economics

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## DECLARATION

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Ch.QS Dr. Suranga Jayasena

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Date:

## ABSTRACT

### **Effective Claim Negotiation: Key Determinants in Sri Lankan Construction Projects**

Claims have been recognised as an inevitable and rather essential tool in construction industry to address the different risks that might materialize during the contract period. to ensure fair and reasonable contract management. Accordingly, claim management, has become an essential process incorporated in to contract administration and claim negotiation is a pivotal element in this process which ensure successful claim settlements and project success by avoiding conflicts and disputes. However, many researchers have noted that claim negotiation success is impacted by various factors. Further to the academics these factors might be vary in different socio-economic backgrounds as well. Hence this research was conducted to identify factors that would impact effective claim negotiations in the construction industry of Sri Lanka.

Accordingly, a comprehensive literature review was carried out and the factors that would impact the negotiation effectiveness were identified under three main categories as, preparation, communication and people factors. Subsequently, a semi structured interviews were conducted to collect data on Sri Lanka's industry practices, and these data were analysed using content analysis technique to identify factors that would impact the negotiation effectiveness and a framework was developed identifying key determinants impacting effective claim negotiation in Sri Lankan construction industry. This framework can be used as a guideline in claim negotiation to ensure effectiveness of the effort.

Proper preparations by understanding claim history, positions and interests of parties, opportunities/risks, desired parameters and planning negotiation strategies accordingly is the first step in success journey. Amongst those, author founds interesting suggestions such as negotiating based on interests rather than position, know your goals and plan accordingly and requirement of understanding commercial risks and opportunities other than contractual/legal positions. Communication factors including active listening, building trust, emotion management, mode of communication and documentation also plays a vital role claim negotiation success. Moreover, although computer-mediated communication can enhance negotiation effectiveness, its use within the industry remains minimal as per the expertise.

People factors such as the knowledge, emotional intelligence, negotiation behaviours, power dynamics and cultural differences also has a significant impact on claim negotiation effectiveness and interestingly these people factor are quite hard to control and manage in favour of negotiation success and hence bring more unpredictability to the negotiation table. Quality, Cost and unbiasedness of the external experts need to be considered when selecting third parties. Recognition of level of authority requires at different cases and different level of negotiation are some interesting factors that came up in the discussion. Furthermore, experts identify additional factors influencing effective claim negotiation, including the relationship between parties, mutual trust, confidence in negotiation effectiveness, strategic role assignment prior to negotiations, party flexibility, and the pursuit of innovative and creative solutions. All these considerations must be carefully integrated into negotiation planning and practice to ensure an effective claim negotiation process. Strengthening professional education and expanding training on proper negotiation practices is therefore essential for the advancement of the industry.

**Key Words:** *Claims, claim management, claim negotiation, Effective claim negotiation, determinants of effective claim negotiation.*

## DEDICATION

*I dedicate this dissertation to all the individuals whose encouragement and support have been instrumental in the successful completion of this work*

## **ACKNOWLEDGEMENT**

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## **LIST OF ABBREVIATIONS**

<b>ADR</b>	Alternative Dispute Resolution
<b>BATNA</b>	Best Alternative to a Negotiated Agreement
<b>CMC</b>	Computer-Mediated Communication
<b>KPI</b>	Key Performer Indicators
<b>ZOPA</b>	Zone of Possible Agreements

## LIST OF APPENDICES

Appendix A

Interview Guideline

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