A STUDY OF PROJECT CHARACTERISTICS INFLUENCING CONSTRUCTION CLAIMS LEADING TO DISPUTES IN THE SRI LANKAN CONSTRUCTION INDUSTRY

Boyagoda E.M.L.C.B.

209160M

Degree of Master of Science in Construction Law and Dispute Resolution

Department of Building Economics

University of Moratuwa
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Ekanayake Mudiyanselage Lahiru Chathushka Bandara Boyagoda

(209160M)

Dissertation submitted in partial fulfilment of the requirements for the degree Master of Science in Construction Law and Dispute Resolution

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DECLARATION

I declare that this is my own work and this dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief 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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The above candidate has carried out research for the Masters dissertation under my supervision. I confirm that the declaration made above by the student is true and correct.

…….. ……...

Prof. Thanuja Ramachandra Date
Dissertation Supervisor

ABSTRACT

A STUDY OF PROJECT CHARACTERISTICS INFLUENCING CONSTRUCTION CLAIMS LEADING TO DISPUTES IN THE SRI LANKAN CONSTRUCTION INDUSTRY

The construction industry is known for its adversarial nature due to its complex and risky environment, involving multiple stakeholders and a people-oriented workforce. Disagreements between parties often manifest as claims and disputes. While numerous studies have explored the causes of disputes and potential prevention or resolution strategies, there remains a lack of research on predicting the probability of dispute occurrence based on project variables. This research aims to explore the relationship between the probability of dispute occurrence and project characteristics, specifically focusing on disputes caused by claims in building projects.

Through an extensive literature review, it is established that disputes arising from claim heads are the primary source of conflicts in the construction industry, with contractual claims being the most severe. To address this issue, fifteen claim heads were selected from standard contract forms (FIDIC, JCT, NEC) for data collection. The research focused on completed building projects in Sri Lanka over the period of five years, utilizing document reviews and discussion with project participants for data gathering. Frequency analysis, Spearman correlation, and multiple linear regression analysis were conducted using SPSS software to determine the relationships between variables.

Findings reveal that variations, extra work, and delay payment claims are the most common claim heads leading to disputes in the construction industry. These three claim heads show significant correlations with project characteristics such as procurement method, payment method, type of client, and type of contractor. Models developed based on multiple linear regression analysis illustrates the relationship between variations, extra work, and delay payment claims and the project characteristics.

The research suggests that project stakeholders need to assess the likelihood of disputes arising from variations, extra work, and delay payments, taking into account specific project characteristics. This assessment would help stakeholders to identify potential disputes, establish appropriate risk mitigation measures and devise tailored dispute resolution procedures that minimize the allocation of time and financial resources to dispute resolution. By understanding the relationship between project variables and dispute occurrence, stakeholders can proactively address disputes, fostering a more cooperative and efficient construction environment.

***Key words**: Disputes causes, Construction Claims, Project Characteristics, Relationship*

My humble effort I dedicate to

"My Mother"

For her advices, her patience and her faith.

Because, she always understood.

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