

**DISPUTES IN CONSTRUCTION PROJECTS: A
PERSPECTIVE OF SMALL AND MEDIUM LEVEL
(SMC) CONTRACTORS IN SRI LANKA**

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Degree of Master of Science in Construction Law and Dispute
Resolution

Department of Building Economics

University of Moratuwa

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Thesis/Dissertation submitted in partial fulfillment of the requirements
for the
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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.

Further, I acknowledge the intellectual contribution of my research Dr. Thanuja Ramachandra for the successful completion of this research dissertation. I affirm that I will not make any publication from this research without the name(s) of my research supervisor(s) as contributing author unless otherwise, I have obtained written consent from my research supervisor.

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Pudasun K.G.V. B.

09/05/2024

.....

Date

I hereby acknowledge that Kithulgoda Gamage Vinod Bhanuka Pudasun has followed the dissertation process for the Master Dissertation set by the Department of Building Economics under my supervision.

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Dr. Thanuja Ramachandra

Dissertation Supervisor

09/05/2024

.....

Date

ABSTRACT

Disputes in construction projects: A perspective of small and medium level (SMC) contractors in Sri Lanka

The role of the construction industry is significant for the economy of Sri Lanka, with a notable contribution of 6% -10 % to the gross domestic product. The built environment of Sri Lanka comprises various stakeholders such as clients, contractors, consultants, manufacturers, suppliers, etc. Among them, contractors are essential to the progression of the industry. The Sri Lankan construction industry comprises few large level contractors and many small and medium level contractors. The construction project characteristics are one of the standard parameters used to distinguish one project from another.

Due to the unique nature of the industry, disputes are inevitable in construction projects. The global dispute volume has increased during the past few years. There are various causes for disputes, which many researchers have studied previously. The result of the unresolved disputes causes project failure, causing a considerable financial impact on the major stakeholders. Alternative dispute resolution methods have been introduced to the construction industry to minimize the impact of disputes. These methods varied from least formal negotiation to much formal arbitration. Disputes in Sri Lanka's built environment have been studied previously. However, studies about the disputes relating to small and medium level contractors were minimal. This study aims to examine the construction disputes from the perspective of small and medium level contractors in the Sri Lankan construction industry and identify the dispute from project features to propose suggestions to minimize effects.

A qualitative approach was identified as the most suitable method to study, considering the research problem. Semi-structured interviews were carried out with the participants from the small and medium level organizations as data collection. Secondly, collected data was analyzed using the content analysis method to identify the typical responses. Then, the findings were discussed and compared with what was gathered in the literature. Finally, conclusions were strained, and recommendations were provided.

The research findings have confirmed that small and medium level contractors face disputes, and many of the existing dispute resolution methods are not being utilized due to inheritance problems in the SMC sector.

Keywords: *Alternative Dispute Resolution, Small and Medium Level, Project Characteristics, Disputes*

DEDICATION

I dedicate this research,

Specially to

My Wife

My parents

My sister

and

All

Who there

For me in my life

ACKNOWLEDGEMENT

On the very outset of this dissertation, I would like to extend my sincere and heartfelt obligation towards all personnel who helped me in this endeavor. Without their active guidance, help, cooperation, and encouragement, I would not have made headway in presenting this research.

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LIST OF ABBREVIATIONS

Abbreviation	Description
ADR	Alternative Dispute Resolutions
CIDA	Construction Industry Development Authority
GDP	Gross Domestic Product
RICS	Royal Institute of Chartered Surveyors
SMC	Small and medium level Contractors
CEB	Ceylon Electricity Board
NWSDB	National Water Supply and Drainage Board
FIDIC	The International Federation of Consulting Engineers
SBD	Standard Bidding Document
JV	Joint Venture
QS	Quantity Surveying
CPD	Continues Professional Development