

**A STUDY ON APPLICABLE DISPUTE RESOLUTION
METHODS TO SETTLE DISPUTES OF SMALL-SCALE
CONTRACTORS IN SRI LANKA**

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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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This research monitors the main difficulties that small-scale contractors experience in Sri Lanka's construction field together with evaluating ADR alternative resolution strategies for dispute resolution. The specialized operations of small-scale contractors depend on all over the construction industry, yet these organizations encounter substantial obstacles from inadequate resources and insufficient legal capabilities as well as financial troubles. Timely payment processes represent a critical problem for small-scale contractors since they need funds promptly to fulfil their deadlines and sustain operational cash flow. When payments are delayed it causes cash flow crises along with project delays and leads to financial instability. The frequent use of poorly defined contract terms by small-scale contractors generates disputes since both parties have differing interpretations of scope modifications and penalty clauses and added work responsibilities. Most misunderstandings emerge during project execution because unforeseen site conditions and design modifications occur. Workmanship disputes frequently occur as time limits together with scarce resources produce quality decline situations. The project execution faces additional complexity due to procurement issues which emerge from fluctuating material prices and non-reliable supplier relationships. ADR methods including mediation and arbitration and adjudication serve as better alternatives to traditional court proceedings according to their improved efficiency and reduced costs. Disputes with minor magnitude should use mediation to reach quick and unformal resolutions that maintain business connections. Complex disputes should follow arbitration and adjudication processes since these two methods lead to quick legal solutions that surpass litigation methods. The success of ADR depends on small-scale contractors receiving well-written contracts coupled with prompt payments and training about contract management and dispute resolution. The construction industry benefits from ADR promotion since it leads to fewer and milder conflicts which produces superior project results together with more sustainable small-scale contractors in Sri Lanka's construction sector.

Keywords: Small-scale contractors, mediation, Alternative Dispute Resolution (ADR), arbitration, construction industry

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ABBREVIATIONS

ADR – Alternative Dispute Resolution

ANOVA – Analysis of Variance

COV - Coefficient of Variation

OH – Over Head

RII – Relative Importance Index