

**EFFECTIVENESS OF NEGOTIATION AS A METHOD
OF ALTERNATIVE DISPUTE RESOLUTION IN SRI
LANKAN CONSTRUCTION INDUSTRY**

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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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Abstract

Disputes are a critical problem in the construction industry and an effective alternative dispute resolution (ADR) method is a crucial requirement. Studies on ADR practices in Sri Lanka denote that negotiation is the preferred and initial ADR method over other methods. However many disputes go beyond negotiations and recent research at international context identifies negotiation failures as a common scenario. This study aims to determine the effectiveness of negotiation as an ADR method in Sri Lankan construction industry. Seven outcome taxonomies of construction dispute negotiations comprising three effective outcomes and four ineffective outcomes were identified via comprehensive literature review. Based on the findings a framework was developed to determine the effectiveness of negotiation. A questionnaire survey was carried out among senior professionals who had direct exposure to disputes in the Sri Lankan construction industry and their responses were analysed to arrive at findings. The findings indicate that negotiation is an effective ADR method because effective outcomes such as conflict reduction and maintenance of relationship could be achieved. Hence Negotiation could be recommended as the best initial ADR method to be attempted. However, the possibility of achieving the most desired outcome, problem solving is not satisfactory. Attitudes of parties, lack of negotiation skills among industry professionals, cultural differences among parties, lack of participation of competent professionals, use of negotiation as a time passing tactic and professional discrimination were found out as the major barriers to achieve problem solving outcome. Several areas shall be developed to overcome the effect of such barriers and obtain maximum effective outcomes from negotiations. The results of the study enable researchers and practitioners to gain deep understanding on the current negotiation practices and suggestions to overcome the barriers to achieve effective negotiation outcome.

Key words: Negotiation, effectiveness, ADR method, dispute, construction

Dedication.....

To my Loving Grandmother

Mrs. Matilda Gogerly

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List of Abbreviations

ADR	Alternative Dispute Resolution
DAB	Dispute Adjudication Board
FIDIC	International Federation of Consulting Engineers
ICTAD	Institute for Construction Training and Development
NPA	National Procurement Authority

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