

**RISK MANAGEMENT FOR DISPUTE AVOIDANCE IN
DIFFERENT PROCUREMENT SYSTEMS USED IN
HIGH RISE BUILDINGS 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 submitted in partial fulfillment of the requirements for the degree of
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DECLARATION

I declare that this is my own work and this thesis 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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Signature:

Date:

The above candidate has carried out research for the M.Sc. Dissertation under my supervision.

.....
Ch.QS. Prof. (Mrs.) B.A.K.S. Perera
Dissertation Supervisor

.....
Date

Risk management for dispute avoidance in different procurement systems used in high rise buildings in Sri Lanka

ABSTRACT

Disputes drive endemic problem in construction industry particularly in high rise buildings as most important part of the construction in Sri Lanka where it is required to avoid disputes for successful project completion. Consequently, risks, as a root causes of the disputes, should be managed systematically. Even though there are several researches on risk management on individual procurement systems, systematic risk management process is not applied in either. Hence, this research is aimed to develop systematic risk management frameworks for different procurement systems commonly used in high rise building in Sri Lanka which will be ultimately help to avoid disputes. The collected data from preliminary survey and two phase of questionnaire surveys were analyzed using content analysis, severity index, average method and relative importance index.

There are three procurement methods named separated with measure & pay, separated with lump sum & design & build with sump sum are used in high rise buildings in Sri Lanka. 128 risk factors are identified as applicable to the high rise building in Sri Lanka and all risk factors lead to disputes. There are 22 significant risk factors to the high rise buildings in Sri Lanka. Among them 16, 15 and 18 risk factors are significant to Separated with LumpSum (LS) systems, Separated with Measure and Pay(M&P) systems and Design and Build (D&B) with LS systems respectively. “Lack of skilled labours” and “unable to finish work on time” are the most significant risk factors for all procurement systems”. Third highest risk factor is “need innovative construction methods” which is significant to only D&B with lump sum system. Risk shall be allocated to the best party who can tolerate and manage the risk. 15 Risk response methods appropriate in high rise building projects in Sri Lanka were identified. Risk Response methods are common to all procurement systems. Education and training has been highly recommended as the best response method for most of the risk factors. It is recommended to use standard conditions of contract for subcontracts and consultant contracts. Finally systematic risk management frameworks for each procurement methods were developed which can be used as a tool for procurement selection and as a guidance for risk management where ultimately help to avoid disputes of the high rise projects in Sri Lanka.

Keywords: *Risk management frameworks; Severe risk factors for dispute avoidance; Procurement systems; High rise buildings*

DEDICATION

To my beloved parents, husband and sons,

With special thanks to support and love,

Any credit of accuracy belongs to you,

Any blames for mistakes is mine.

ACKNOWLEDGEMENT

First and foremost, my special thanks go to Prof. (Mrs) B.A.K.S. Perera, the dissertation supervisor, for her patience, assistance, encouragement and valuable guidance provided throughout the period of the research.

I would like to extend my grateful appreciation to the Head, Department of Building Economics, Dr. Yasangika Sandanayake for giving me the opportunity to undergo the dissertation and for the knowledge gained. Further thanks go to all the academic and non-academic staff of the Department of Building Economics, for their kind support given to make this piece of work success.

My special thanks go to all the leading professionals in the construction industry who gave me an immense support and cooperation to complete the data collection successfully by sharing their valuable knowledge and experience with me.

Last, but not least, I express my heartfelt gratitude to my parents, husband, sons and all others who were with me during this study for giving their utmost support, genuine advices and continuously motivating me to carry out the work successfully.

TABLE OF CONTENT

DECLARATION	i
ABSTRACT	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF FIGURES	viii
LIST OF TABLES	ix
LIST OF ABBREVIATIONS	x
Chapter 1	1
1. INTRODUCTION TO RESEARCH	1
1.1. Background	1
1.2. Research Problem	3
1.3. Aim and Objectives	4
1.4. Methodology	5
1.5. Scope and Limitations	5
1.6. Dissertation outline	6
Chapter 2	7
2. LITERATURE REVIEW ON RISK MANAGEMENT AND PROCUREMENT SYSTEMS	7
2.1. Introduction	7
2.2. Disputes in Construction	7
2.3. Risk Management in construction	9
2.3.1. Introduction to Risk	9
2.3.2. Definition of general Risk	10
2.3.3. Risk in construction project	11
2.3.4. Risk Management in construction project	13
2.3.5. Systematic Risk Management process in construction project	14
2.3.5.1. Risk Identification	17
2.3.5.2. Risks Analysis	22
2.3.5.3. Risks Allocation	25
2.3.5.4. Risks Response	26
2.4. Procurement systems	28
2.4.1. Concept of procurement system in construction	28
2.4.2. Procurement systems based on project delivery methods	30
2.4.2.1. Separated systems	31
2.4.2.2. Integrated systems (Design and Build)	32
2.4.2.3. Management oriented systems	33

2.4.2.4.	Collaborative systems	34
2.4.3.	Procurement systems based on payment methods	35
2.4.3.1.	Lump sum	35
2.4.3.2.	Measure and pay	35
2.4.3.3.	Prime cost	36
2.4.4.	Risk management of each procurement systems	36
2.4.5.	Procurement systems used in high rise Projects of Sri Lanka	37
2.4.5.1.	High rise projects in Sri Lanka	37
2.4.5.2.	Procurement systems used in Sri Lanka	39
2.5.	Approach to the Research Problem	39
2.6.	Summary	46
Chapter 3	47
3.	RESEARCH METHODOLOGY	47
3.1.	Introduction	47
3.2.	Research Design	47
3.2.1.	Research philosophy	48
3.2.1.1.	Positivism.....	49
3.2.1.2.	Interpretivism.....	49
3.2.1.3.	Critical Realism	49
3.2.1.4.	Post-modernism:	49
3.2.1.5.	Pragmatism.....	49
3.2.2.	Research approach to theory development	50
3.2.2.1.	Deductive approach	50
3.2.2.2.	Inductive approach.....	50
3.2.2.3.	Abduction approach.....	50
3.2.3.	Research methodological choice.....	51
3.2.3.1.	Quantitative method.....	51
3.2.3.2.	Qualitative method.....	51
3.2.3.3.	Mixed method	52
3.2.4.	Research strategies	52
3.2.4.1.	Survey strategy	53
3.2.5.	Time Horizon	54
3.2.6.	Research techniques and procedures.....	55
3.2.6.1.	Data collection techniques	55
3.2.6.2.	Data analysis techniques	59
3.3.	Research Process	61
3.4.	Summary	62
Chapter 4	63

4.	DATA ANALYSIS AND RESULTS	63
4.1.	Introduction	63
4.2.	Respondent to the survey	63
4.3.	Results of preliminary survey.....	64
4.3.1.	Risk factors appropriate in high rise building projects in Sri Lanka....	65
4.3.2.	Risk response methods appropriate in high rise building projects in Sri Lanka	65
4.3.3.	Commonly used procurement systems in high rise building projects in Sri Lanka (Objective 01).....	66
4.4.	Analysis and Results of phase one of structured questionnaire survey.....	69
4.4.1.	The significant risk factors which lead to disputes of commonly used procurement systems in high rise buildings (objective 02).....	69
4.5.	Analysis and Results of phase two of structured questionnaire survey.....	76
4.5.1.	The allocation of significant risk factors which lead to disputes among the stakeholders (Employer, Contractor and Consultant) of above identified procurement systems (objective 03).....	76
4.5.2.	The risk response methods for significant risk factors which lead to disputes of above identified procurement systems (objective 04)	78
4.6.	Systematic frameworks of risk management for different procurement systems commonly used in high rise building projects in Sri Lanka to avoid disputes (Aim of the research)	81
4.6.1.	Separated with Lump Sum Procurement System.....	83
4.6.2.	Separated with Measure and Pay Procurement System	86
4.6.3.	Design and Build with Lump Sum Procurement System	88
4.7.	Summary	91
	Chapter 5	92
5.	CONCLUSIONS AND RECOMMENDATIONS	92
5.1.	Summary of the study.....	92
5.2.	Conclusion.....	94
5.3.	Recommendation.....	95
5.4.	Limitations.....	96
5.5.	Further Development.....	97
	REFERENCES.....	98
	Appendix 1 – Preliminary Survey.....	115
	Appendix 2 – Questionnaire Survey	122
	Appendix 3 – Questionnaire Survey	134
	Appendix 4 - Analysis of Preliminary Survey.....	141
	Appendix 5 - Analysis of Questionnaire Survey Phase I.....	144
	Appendix 6 - Analysis of Questionnaire Survey Phase II.....	148