

**A FRAMEWORK FOR MANAGING CONFLICTS IN
JOINT VENTURE CONTRACTS IN INFRASTRUCTURE
PROJECTS IN SRI LANKA**

Jayasinghe Arachchighe Harshi Madhuka Jayasinghe

(179165U)

Degree of Master of Science in Construction Law and Dispute
Resolution

Department of Building Economics

University of Moratuwa

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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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Date

The above candidate has carried out research for Masters Dissertation under my supervision.

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Prof. Yasangika Sandanayake

Date

Dissertation Supervisor

Abstract

Construction Joint Venture (CJV) is one of the most commonly used mechanism in Sri Lankan construction industry, as a solution to bridge the gap created due to lack of technical, financial and managerial capacity of local contractors. CJVs are formed with various partners, whose processes, behavioural practices, goals and intentions are varied amongst themselves. Therefore, conflicts among the partners could occur, if not properly managed the CJVs. Hence, this aims to develop a framework for managing conflicts in Joint Venture Contracts in infrastructure projects in Sri Lanka through exploring the causes, root causes, and effects of conflicts of CJVs and proposing an approach for managing conflicts.

Study on those causes and approaches were derived using four case studies, in which interviews were conducted using semi structured interview guideline with the participant from each partner of the CJV entity. CJV agreements were reviewed to study the management and operational procedure of the CJV entity. The collected data were analysed using cross case analysis, content analysis and root cause analysis techniques.

According to research findings, it was revealed that the probability of occurring conflicts at the beginning stage is minimal due to less interaction between partners. In the formation stage, conflicts are frequently occurred due to disagreements on terms of CJV contracts, disagreements within CJV management structure and disagreements on division of profit and loss. In the operational stage, when the interactions between parties are high, there is a high possibility to occur conflicts. Deficiency on contract terms; and disagreement on working culture, performance and providing resources; are the common causes for occurring conflicts at operation stage.

Selecting an appropriate partner and; understanding and aligning objectives of all partners at the beginning stage are important for proper execution of CJV entity. Enter into proper agreement and, proper design of CJV administration structure is important proactive management approaches to practice at formation stage. Having progress meetings and open discussions are the most productive conflict management measures to practice in operation stage. Negotiation is the most common reactive conflict management approach parties practiced on formation and operation stage.

The study finally developed a framework to manage conflicts in CJVs, indicating the causes for conflicts and; reactive and proactive conflict management approaches to be followed in beginning, formation and operation stage of CJV life cycle. The proposed framework would be helpful for industry practitioners to identify causes, root causes, and select suitable approach for managing conflicts in future CJV projects in Sri Lanka.

Key words: Construction Joint Venture (CJV), conflict, conflict management, CJV life cycle, Sri Lankan Construction industry

Dedication

*To My Beloved Husband, Parents, Sister and the Lecturers
who have being the utmost inspiration and light of my
life.....*

Acknowledgement

This research study is an outcome of much dedication and remarkable assistance given by many personnel and organizations, who contributed in ample ways to make this research a success. In fact, there were number of people behind me, who supported and guided me to the correct path and genuinely wished my success. I should say that the following words would not be enough to express my greatest gratitude for their tremendous help which was an enormous strength to me. Nevertheless, I take this opportunity to convey my gratitude to all of them.

First and foremost, I pay my heartiest gratitude to Prof. Yasangika Sandanayake, my dissertation supervisor, for her guidance, advices and encouragement to make this research a successful one. It is her constructive criticisms and valuable advices that guide this research towards the successful completion.

I would like to pay my gratitude to the Head of the Department of Building Economics, and all other staff members of Department of Building Economics for their immense assistance and advice provided during the research period and throughout my academic career. Furthermore, I pay my heartiest gratitude to all non-academic staff members of the Department of Building Economics for the valuable help given.

Special thanks go to all the interviewees and industry practitioners who gave me an immense support and corporation to complete a successful data collection by sharing their valuable knowledge and experiences with me. Last, but not least, I express my heartfelt gratitude to my family, my batch mates 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.

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List of Abbreviations

CJV - Construction Joint Venture

DCJV - Domestic Construction Joint Venture

EOT - Extension of Time

ICJV - International Construction Joint Venture

IJV - International Joint Ventures

JV - Joint Venture

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