

## Factors Affecting Contractual Disputes in Construction Projects in Sri Lanka

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**Abstract :** Construction industry is one of the key players in driving the economy of a country to achieve its prosperity. However, a dispute is one of the crucial factors which prevent the completion of construction contracts within the budgeted cost, scheduled time, and accepted quality. Disputes are inevitable in the construction contract. Accordingly, a study has been undertaken to identify the factors affecting contractual disputes in construction projects in Sri Lanka. The study was a mixed approach with major qualitative and minor quantitative. Qualitative study was set in the form of in-depth interviews with eighteen participants, and quantitative study was conducted using a questionnaire with twenty-four respondents from previously implemented projects by the National Water Supply & Drainage Board representing the employer, engineer and the Contractor to identify the factors affecting contractual disputes and to verify most critical factors respectively. Data analysis for qualitative and quantitative studies was carried out by means of transcribing, code & categorize and average score methods, respectively. The study reveals that there are forty factors affecting the contractual disputes in construction contracts in Sri Lanka. The finding further illustrates that conflicting decisions by inexperience personnel in the higher position of the Employer, ambiguities resulting inadequate descriptions of the preliminary/general items in price schedule, unfair valuation and late confirmation of variations, unfair determination due to lack of experience of the Engineer/Consultant, under certification of progress payments, unfair grant of EOT & application of delay damages, unreasonable claims for variation of works, errors/discrepancies/ambiguities in the contract conditions and discrepancies & errors in designs & specifications are the most critical factors affecting contractual disputes. Finally, the study proposed remedial measures to most critical factors affecting contractual disputes.

**Keywords :** dispute, contractual, factors, employer, engineer, contractor, construction projects

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