

## Conflicts and Disputes in Construction Projects: An Overview

Sagar Soni\*, Mukesh Pandey\*\*, Sohit Agrawal\*\*\*

\**(PG Scholar, Department of Civil Engineering, ITM University, Gwalior-474001, India*

\*\**(Professor & Head, Department of Civil Engineering, ITM University, Gwalior-474001, India*

\*\*\**(Assistant Professor, Department of Civil Engineering, ITM University, Gwalior-474001, India*

### ABSTRACT

Construction industry showing remarkable progression throughout the country, due to increasingly complex and fast-track construction projects; several projects are facing major problems like conflicts and dispute occurrence. These problems have become a widespread feature of the construction industry; if these are not resolute quickly they can worsen causing delays in schedule which results to claims that needs lawsuit measures to resolve them, loss of money & time. The main motto of this paper is to outcast the factors which are responsible for conflicts & dispute, hence in order to find out about these factors, a study is conducted which gives the variables responsible to these problem, some of these variables are due to owner, due to contract, due to human behavior etc. Since, conflicts & disputes are the reason of worry because a well planned construction project can't run smoothly, efficiently due to these problems. Therefore it is very important to manage them for better and efficient completion of the projects. This paper is expected to be assistance for the management of conflicts & dispute in upcoming projects.

**Keywords:** Conflicts, Construction Project, Contractor, Disputes, Factors.

### I. INTRODUCTION

The construction industry itself a huge organization in which several construction participant with different background, different knowledge and different mentality about the construction industry works together and all of these construction participants work for a common motto, "To make maximum profit." With these differences in mentality, background and knowledge results in clashing of ideas, thoughts and perception in any decision. Hence, conflicts in such situation become inescapable or inevitable. Since, it is always recommended that conflicts have to manage as soon as possible; if not so they rapidly turn into dispute. Dispute is one of crucial factor which inhibit magnificently accomplishment of any project. Hence, it is necessary to be attentive of the sources of conflicts and dispute to complete project within anticipated time, budget and quality.

According to (Acharya, Lee and Kim, 2006) based upon the identification of the sources responsible for conflicts, we can deal more efficiently & effectively to these problems [1]. Hence, disputes have to be resolute as soon as possible, if not so they got worsen which causes project delays, lead to claim, can need of lawsuit measures to resolve them, and eventually extinguish occupational means (Cheung, Henry and Lam, 2002) [2]. Conflicts are such situations of occurrence of the discrepancy between the values or aims to be achieved, both in the individual and in relation to others (Anita Rauzana,

2016) [3]. There are various factors like Owner, consultant, third party related etc. which affect the effectiveness, productivity of work, and it also interrupt with the perpetual completion of the project. Thus it is very essential to manage such factors for the smooth running or operation of a construction project without any occurrences of conflicts and disputes for better profit, rate of return, on time completion of project etc.

### II. LITERATURE REVIEW

Various literatures are studied to get an overview of the factors responsible for conflicts and dispute in the construction industry and minimizing their effect on construction projects.

**Nirmal Kumar Acharya, Young Dai Lee, and Jung Ki Kim** finds out the major factors responsible for conflicts & dispute occurrence. The literature study gives 6 major conflicts contributing factors, which was further narrowed down by using AHP tool. The study concluded that the owner is the most conflict creating party among the several other factors and then comes consultant. The also recommended that by proper management of factors created from owner side can result in execution of the projects as a conflict free, which helps in saving money, time & improving project performance [1].

**Edwin H. W. Chan and Henry C. H. Suen** the author of this paper report a review at disputes and their resolution systems in SFJVs. The main

reason for this was to find out the most likely reasons for dispute and the most utilized dispute & conflicts resolution strategies in SFJVs. A survey form for 41 professionals in the construction industry was distributed for the opinion of the experts in the industry, and result seems to conclude that the construction dispute was sorted into three categories: due to contractual problems, due to cultural problems, and because of legal matters. The mostly utilized dispute & conflicts resolution strategies include intervention and arbitration. They likewise found that, "The best approach in managing disputes changes with one project to another, however, the key guideline stays knowing your colleague, understanding the contract terms, and the legal tenets" [4].

**Emre Cakmak, and Pinar Irlayici Cakmak** the author of this paper focus on the causes which are responsible for conflicts & dispute. In order to so, a literature study is conducted which helps in finding these outrageous key factors. The factors was further divided into 4 categories, finally an approach called ANP is conducted which gives the relative importance of these factors and co-factors. The result shows that the contract related factors plays a key role for the dispute occurrence [5].

**Sigitas Mitkus, and Tomas Mitkus** pointed the word conflict in a different point of view – from the aspect of communication. In this article, a studied has been carried out on the construction contract agreement and with this research, the authors assumed that the major reason for conflict and dispute in construction projects is ineffectual transfer of view or thoughts between parties usually which includes owner and contractor; hence this assumption has been confirmed by the conducted research studies. The other causes of conflict in the industry identified in this article includes poor attitude of the construction participants and psychological defense mechanisms [6].

**Dr. Rajiv Bhatt, Abhishek Shah, and Prof J.J. Bhavsar-** the authors for the most part concentrate on ranking of factors which are "Causes of Disputes", "Impact on project scenario" and "Use of Dispute resolution methods". Throughout this study, 70 responses by construction professionals were collected across Ahmedabad city of Gujarat. Feedbacks were studied, and it was concluded that "Finance and payment issues", "Poor work quality" and "Extra items" are the main reasons which tends to dispute occurrence, "Damaging company reputation" in Impact matters, and "Negotiation method" is best for dispute resolution in Ahmedabad city [7].

### III. SOURCES OF CONFLICTS & DISPUTES

Several sources of conflicts and dispute emerge out by literature survey. These are as follows:

#### 3.1 Owner Related

With the surge of complexity in any construction project, it is very difficult to escape with even small errors that lead to claims by owner which result in disputes. Similarly, Unrealistic expectation, and delay in payments from owner side...etc... these are the basic factors responsible for the dispute occurrence in any construction project from owner side. Several researchers conclude that delay of payment is one of the foremost causes for the conflicts and dispute.

#### 3.2 Contractor Related

Contractor is one of the several factors which play a huge role in the accomplishment or the miscarriage of any construction project. If the management and administrative process of the contractor is good then, there should be a minimal chance of dispute and conflict in construction project. A wrong decision of contractors can lead to a major problem like Underpricing the tender, most contractor thinks, "how much can we get out of these people in extras?" They underpriced the job, without knowing full well design, Specification, and at the time of execution of the project they might not be able to meet to the standards, hence these lead to conflicts and dispute in future [8]."

#### 3.3 Consultant Related

Design, drawing, specification...etc. falls under the category of consultant related thus, if there are any minor errors in drawing and design then as a result of it the whole project get affected by introducing delay in the project which lead to conflicts and dispute there are various reasons for the error in design are 'lack of knowledge of consultant' and 'excessive quantity of work' which leads to such faults.

#### 3.4 Third Party & Human Behavior Related

It includes two major factors which are controllable and uncontrollable. Controllable factor are those which can be controlled in any possible way which includes human related like lack of team spirit of participants, lack of communication, misunderstandings among participants...etc. hence these contribute in conflicts and dispute in any project.

While uncontrollable factors are the third party related like unforeseen/unpredictability, people protest, act of god...etc. are the factors which are totally independent although prevention can be made

against them but to control fully are not possible. Hence conflicts and dispute with respect to it are also unavoidable [8].

### 3.5 Design & Contract Related

In contract various terms are used which includes use of ambiguous terms in the contract document, use of double meaning terms in these documents. The main reason for using bespoke terms is because by the application of these terms participants can make profit, at the time of completion of the project, these bespoke terms presented with their second meaning for making most of its profit. By this process of making profit results in the occurrence of conflicts and dispute in the construction industry. Lack of available information includes in design related factor which also result in creating conflicts in ongoing construction project [9].

## IV. CONCLUSION

The review in this paper covers meanings of conflict & dispute and its causes. The effort has been made for finding the factors responsible for conflict and dispute and by proper management of these factors helps in minimizing their effect on industry. Since construction industry is critical in nature therefore, it is difficult, but not impossible to minimize their effect by proper management and to better communication among participants. Though limiting their effect brings many favorable changes like money saving, time saving, rapid growth ... etc.

The key variable is to attempt to urge all participants to participate rather than compete with each other.

## REFERENCES

- [1] Acharya Nirmal Kumar, Young Dai Lee, and Jung Ki Kim, Critical Construction Conflicting Factors Identification Using Analytical Hierarchy Process, *KSCE Journal of Civil Engineering*, 10(3), 2006, 165-174.
- [2] Cheung Sai-On, Henry C. H. Suen, and Tsun-IP Lam, Fundamentals of Alternative Dispute Resolution Processes in Construction, *Journal of Construction Engineering and Management*, 128(5), 2002, 409-417.
- [3] Rauzana Anita, Causes of Conflicts and Disputes in Construction Projects, *IOSR Journal of Mechanical and Civil Engineering*, 13(5), 2016, 44-48.
- [4] Chan Edwin H. W., and Henry C. H. Suen, Disputes and Dispute Resolution Systems in Sino-Foreign Joint Venture Construction Projects in China, *Journal of Professional Issues in Engineering Education and Practice*, 131(2), 2005, 141-148.
- [5] Cakmak Emre, and Pinar Irlayici Cakmak, An Analysis of Causes of Disputes in the Construction Industry Using Analytical Network Process, *Procedia - Social and Behavioral Sciences* 109, 2014, 183-187.
- [6] Mitkus Sigitas, and Tomas Mitkus, Causes of Conflicts in a Construction Industry: A Communicational Approach, *Procedia - Social and Behavioral Sciences*, 110, 2014, 777-786.
- [7] Bhatt R., Abhishek Shah, and Prof J.J. Bhavsar, Ranking of "Causes of Disputes" and "Use of Dispute Resolution Methods" for Construction Industry in Gujarat, in National Conference on "Recent Research & Development In Core Discipline Of Engineering", April 25-26, 2015, Vadodara.
- [8] Jaffar N., A.h. Abdul Tharim, and M.n. Shuib, Factors of Conflict in Construction Industry: A Literature Review, *Procedia Engineering*, 20, 2011, 193-202.
- [9] Pawar Omkar Ashok, and Rahul S. Patil, Conflicts & Disputes in Construction Projects, *International Journal of Innovations in Engineering and Technology*, 3(3), 2014, 48-53.