

## EVALUATION OF CAUSES AND EFFECTS OF CONFLICTS BETWEEN CONTRACTOR AND CLIENT REPRESENTATIVES IN NIGERIAN CONSTRUCTION INDUSTRY (A CASE STUDY OF LAGOS STATE)

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### ABSTRACT

*This research is on evaluation of causes and effect of conflict between contractor and client representative in Nigeria construction industry. The paper aimed at evaluating the causes and effects of conflicts between the contractor and client representatives in Nigerian construction industry. Respondents for this research were chosen using random sampling and questionnaire was distributed to collect data for the research. The data were analyzed using frequency tables and mean score. The result of the study shows that, failure to plan and execute the change of work due to late information from the client representative to the contractor is the major cause of conflicts between them. The impact of dispute on construction project as expresses by both contractor and client representative include Delay, time and cost overrun. The study concluded that several dispute in the construction industry could be resolve through litigation and alternative dispute resolution (ADR). The study recommend that contractor and client representative should ensure communication of potential problems and claims at the earliest opportunities and be courageous enough to settle dispute using alternative dispute resolution (ADR) methods to improve project delivery.*

**Keywords:** *Evaluation, Construction, Resolution, Conflict, Contractor*

### INTRODUCTION

Conflict is important as peace since reason for seeking peace is because there is a conflict, which cannot be avoided or prevented in construction industry (Lee, 2011). According to (Ogunlana and Mahato 2011) conflict is define as a serious a disagreement between two people or a number of people which usually end up in a positive result if properly managed to the satisfaction of the stakeholder in Nigeria construction industry.

(Mba,2013) define conflict as an incompatible activities which occurs when there is interference [influence a situation that does not concern you, in a way that annoys other people] one parties action by another parties. [Korsgaard,2008] says that conflict is the disagreement that affect the interest of two different parties in construction industry. (Shuib, 2011) opined that causes of conflict include communication problem, which may affect the relationship between two or more parties in construction industry.

According to [Shapiro, 2005] conflict arise from error of omissions in project design, poor communication between client and contractor representative and incompatibility of interests. Leong, (2011) identified default in contract payment, communication problem, deficient management, unrealistically low bid by contractor as the main source of conflict in construction industry. (Bvumbwe and Thwala, 2011) stated the major causes of conflict in construction industry as client failure to settle claims brought on by the contractor, use of defective draft contracts, extension of time claims, variations, poor workmanship, poor communication, use of incomplete design during tender, underpricing of the tender, mismanagement of fund by contractor, poor planning and budget estimating poor record keeping and final accounts disagreement. (Shuaib,2011) expressed the root causes that lead to conflict in Nigeria construction industry as contracting problems, behavioral problem, technical problem and management problem.

Conflict in construction projects affects the performance of all stakeholders, such as owners, design and supervision of the consulting team, contractors and subcontractor. (Awakul And Ogunlana.2012) contend that there is a need to keep conflict within allowable limit in order to cause delay in construction industry. (Acharya, lee, 2011) construction conflict vary in nature, size and complexity, but they are costly both in term of time and money, this can even lead to abandonment of the project.

### **The Nature of Conflict in Nigeria Construction Industry**

Construction conflict may start with a simple reason and lead to a substantial set of interrelated complex conflict in the contract agreement. Most of the typical conflicts are cause by factors such as

unrealistic contract duration and costs, differing site condition, change in order, delays, evaluation of the quality and quantity of works, owner furnished items, deferens in the interpretation of plans and specification, unfulfilled duties, acceleration, inefficiency and disruption (Matijevic, 2008). Facts about site condition that are overlooked at the bidding state can increase the risk of disagreement. During the construction period, conflict between owners and main contractors have become an increasing prone activity. (Lee, 2011) and (Khanaki & Hassanzadeh, 2010) stated that conflict is unavoidable in all human endeavours especially in Nigeria construction industry.

### **Method of Resolving Conflicts in the Construction Industry in Nigeria**

Conflict may be resolved through one or more of three basic processes, negotiation (between the two parties) mediation or conciliator (with a third party intervening), or an adjudication process. There are of course variation of these approaches, for instance, Alternative dispute resolution (ADR) can be refer to any alternative to litigation that leads to a resolution of the dispute.

### **METHODOLOGY**

The study adopted a survey research design which involves analysis of primary data. The primary data involves the use of questionnaire to solicit information from contractor and client's representative in both medium and small scale construction industry across Ibeju Lekki and Etiosa Local government area in Lagos state. The choice is because they are the region with high concentration of construction activities in Nigeria. Simple random sampling technique was adopted for this study. 100 questionnaires were distributed while 70 questionnaires were returned.

Data obtained from the view between contractor and client representatives in regard to causes and effect of conflict in Nigeria construction industry was analysed using frequency tables and mean score.

**Result and Discussion**

The data were analyzed using frequency tables and mean scores to indicate the level of significance of each structured question. The findings were also discussed to give better reflection on the study.

**Table1: Questionnaire Distributions**

Respondents	Questionnaire Distributed	Administered Questionnaire retrieved
Contractor	50	35
Client Representative	50	35
Total	100	70
Percentage	100	70%

Source: Field Survey, 2019

**Table 3: Academic Qualification of Respondent**

Academic qualification	Contractor		Client representative	
	Frequency	Percentage %	Frequency	Percent %
School leaving certification	1	2.9	1	2.9
Diploma	5	14.3	1	2.9
BSC/HND	23	65.7	24	68.5
MSC	6	17.1	7	20.0
Others	0	0	2	5.7
Total	35	100.0	35	100.0

Source: Field Survey, 2019

Table 3 above shows the respondent's academic qualification, frequency and percentage with 2.9% of the total contractor are school leaving certificate holder, 14.3% have DIPLOMA, 65.7% have HND/BSC, 17.1% have MSC qualifications. While

Table 1 above shows the number of questionnaires distributed which is hundred (100) and out of which seventy (70) was retrieve, making it 70% percent of the retrieval.

**Table 2: Genders**

Gender	Contractor	Client representative
Male	23	24
Female	12	11
Total	35	35
Percentage	67% male	33% female

Source: Field Survey, 2019

Table 2 above shows the respondent's gender, male Frequency 47 and percentage of 67% of the total respondent, female frequency 23 and percentage of 33% of the total respondent.

2.9% of the total client's representative are school leaving certificate Holder, 2.9% have DIPLOMA, 68.5% have HND/BSC, 20% have MSC and 5.7% have other qualifications. This indicates that most of the respondents are HND/BSC holders.

**Table 4: Respondent year of experience**

Year of experience	Contractor		Client representatives	
	Frequency	Percentage %	Frequency	Percent %
<b>Less than 5 years</b>	8	22.9	8	22.9
<b>6-10 years</b>	16	45.7	16	45.7
<b>11-15 years</b>	8	22.8	8	22.8
<b>16 years and above</b>	3	8.6	3	8.6
<b>Total</b>	35	100.0	35	100.0

**Source: Field Survey, 2019**

Table 4 above shows the respondent years of experience, frequency and percentage with 22.9% of the total contractors having less than 5 years of experience, 45.7% have 6-10 years of experience, 22.8% have 11-15 years of experience, and 8.6% have 16 years above of experience. While 22.9% of

the total client's representatives have less than 5 years of experience, 45.7% have 6-10 years of experience, 22.8% have 11-15 years of experience, and 8.6% have 16 years above of experience in the construction industry.

**Table 5: Number of projects executed in the last 5years**

Number of projects	Contractor		Client representatives	
	Frequency	Percent %	Frequency	Percent %
<b>1-5</b>	7	20	10	28.6
<b>6-10</b>	16	45.7	14	40.0
<b>11-15</b>	6	17.15	5	14.3
<b>16 and above</b>	6	17.15	6	17.1
<b>Total</b>	35	100.0	35	100.0

**Source: Field Survey, 2019**

Table 5 above shows the frequency and percentage of number of projects executed in the last 5years according to each type of target group. 20% of the total contractors have executed 1-5 projects in the last 5years, 45.7% have executed 6-10 projects, and 17.15% have executed 11-15 projects, 17.15% have carried out 16 projects and above. While 28.6% of

the total client's representative have carried out 1-5 projects, 40% have executed 6-10 projects, 14.3% have executed 11-15 projects, 17.1% have executed 16 projects and above. This reveals that most contractor and owner have executed at least 10 projects in the last 5years with 45.7% and 40% respectively.

**Table 6: Causes of construction dispute by contractors**

S/N	CAUSES OF CONSTRUCTION DISPUTE BY CONTRACTOR	MEAN	RANK
1	Inadequate contract management, supervision and co ordination	3.7625	5 <sup>th</sup>
2	Lack of understanding and agreement in the contract Procurement	3.0406	10 <sup>th</sup>
3	Failure to understand and estimate of work	3.6969	6 <sup>th</sup>
4	Lack of strategic planning	3.8281	3 <sup>rd</sup>
5	Inadequate site management	3.6094	7 <sup>th</sup>
6	Poor programming	3.8281	3 <sup>rd</sup>
7	Poor workmanship	3.9156	2 <sup>nd</sup>
8	Failure to plan and excuse the change of work	3.9375	1 <sup>st</sup>
9	Dispute with sub-contractor / supplier	3.5656	8 <sup>th</sup>
10	failure to follow Condition of contract	2.8437	11 <sup>th</sup>
11	inability to verify cost at the appropriate time	3.0625	9 <sup>th</sup>

**Source: Field Survey, 2019**

The results of the survey presented in table 6 shows the eight most and three least important causes of construction dispute by contractor (based on the rank of each varies). Eight perceived variables have been agreed by the respondents as critical causes of construction dispute by contractor. This implies that failure to plan and execute the change of work, poor

workmanship, poor programming, lack of strategic planning; inadequate contract management, supervision and coordination, failure to understand and estimate of work, inadequate site management and dispute with subcontractor/suppliers are the critical causes of construction disputes by contractors.

**Table 7: Causes of construction dispute by client representatives**

S/N	CAUSES OF CONSTRUCTION DISPUTES BY CLIENT REPRESENTATIVES	MEAN	RANK
1	Poor briefing	6.3000	9 <sup>th</sup>
2	Reluctance to check for constructability, charity and completeness	7.0875	3 <sup>rd</sup>
3	Inconsistency or ambiguity in the contract document	6.5625	6 <sup>th</sup>
4	obstinate nature of client	6.9125	6 <sup>th</sup>
5	The absence of contract managers	5.5125	5 <sup>th</sup>
6	Failure of define brief	6.2125	11 <sup>th</sup>
7	Rigid budget	4.9875	10 <sup>th</sup>
8	Design error	4.1750	13 <sup>th</sup>

9	Design inadequacies	7.1750	2 <sup>nd</sup>
10	Late payments bills	7.0000	4 <sup>th</sup>
11	Late information	8.0500	1 <sup>st</sup>
12	Variation and late information	6.3875	8 <sup>th</sup>
13	Delay in setting claims	5.4250	12 <sup>th</sup>

**Source: Field Survey, 2019**

The results of the survey presented in table 7 shows the seven most and six least important causes of construction dispute by client representative (based on the rank of each varies). Each of the causes of dispute was ranked in the order of importance based on mean score. Seven perceived variables have been agreed by the respondents as critical causes of construction dispute by client representative. This

implies that late information, design inadequacies, reluctance to check for constructability, clarity and completeness, late payment of bills, the absence of contract managers, inconsistency or ambiguity in contract document and obstinate nature of client are the critical causes of construction dispute by client representatives.

**Table 8: Impact of construction dispute on project delivery**

S/N	Impact of construction dispute on project delivery	MEAN	RANK
1	Additional expenses	4.9905	4 <sup>th</sup>
2	Delays	5.2762	1 <sup>st</sup>
3	Low quality work	4.5143	7 <sup>th</sup>
4	Time overrun	5.2129	2 <sup>nd</sup>
5	Cost overrun	5.2000	3 <sup>rd</sup>
6	Remarks and relocation of cost of men, equipment and materials	4.4762	8 <sup>th</sup>
7	Total abandonment	4.8952	5 <sup>th</sup>
8	Diminutive of respect between parties, deterioration of relationship and breakdown in cooperation	4.6095	6 <sup>th</sup>

**Source: Field Survey, 2019**

The results of the survey presented in table 8 shows the three most and five least important impact of construction dispute on projects delivery (based on the rank of each varies). Each of the causes of dispute was ranked in the order of importance based

on mean score. Three perceived variables have been agreed by the respondents as important impact of construction dispute on projects delivery. This Implies that delays, time and cost overrun are the impact of construction dispute on project delivery.

**Table 9: Solution and strategies to minimize dispute and claims**

S/N	Solution and strategies to minimize dispute and claims	MEAN	RANK
1	Communication of potential and claims at the earliest opportunities	5.12348	1 <sup>st</sup>
2	Education and explanation of claims	4.8191	3 <sup>rd</sup>
3	Negotiation	4.0952	5 <sup>th</sup>
4	Thinking outside the box/think ahead of unforeseen problems	4.9714	2 <sup>nd</sup>
5	Litigation	4.1143	4 <sup>th</sup>

**Source: Field Survey, 2019**

Table 9 above shows the respondent view on the solution and strategies to minimize dispute and claims with communication of potential problems or claims at the earliest opportunities having mean of 5.1238, education and explanation of claims 4.8191, negotiation 4.0952, thinking outside the box/think ahead of unforeseen problems 4.9714, litigation 4.1143. This implies that communication of potential problems or claims at the earliest opportunities, thinking outside the box/thinking ahead of unforeseen problems, education and explanation of claims, litigation and negotiation are the strategies to minimize dispute and claims on construction projects.

## FINDINGS

Failure to plan and execute the change of work and poor workmanship are the critical causes of construction dispute by contractor, because the mean of the respondent are 3.9375 and 3.9156. Late information and design inadequate are the critical causes of construction dispute by client representative, because the mean of the respondent are 8.0500 and 7.1750.

The impact of construction disputes on project delivery are delays, time overrun, cost overrun, total abandonment, additional expenses, diminutive of

respect between parties, deterioration of relationship and breakdown in cooperation, low quality work, remarks and relocation of cost of men, equipment and materials. Delay, time and cost overrun are the main impact of construction dispute on projects delivery, because the mean of the respondent are 5.2762, 5.2129 and 5.2000. Communication of potential problems and claims at the earliest opportunities, thinking outside the box/think ahead of unforeseen problems, education and explanation of claims, litigation and negotiation are the strategies to minimize dispute and claims and construction projects.

## CONCLUSION AND RECOMMENDATION

From the result of the analysis, it has been concluded with the ranking according to their Means that late information causes major dispute (8.0500) between the contractor and the clients according to most of the respondents followed closely by design inadequacies and followed by the. Moreover, failure to plan and execute the change of work, poor workmanship, poor programming, and lack of strategic planning, inadequate contract management, supervision and coordination, failure to understand and estimate of work, inadequate site management and dispute with subcontractor/suppliers are the causes of construction dispute by contractors.

Construction dispute really impact the delivery of projects through delays, time overrun, cost overrun, total abandonment, additional expenses, diminutive of respect between parties, deterioration of relationship and breakdown in cooperation, low quality work and remarks and relocation of cost of men, equipment and materials.

Strategies to be put in place to minimize dispute and claim are communication of potential problems or claim at the earliest opportunities, thinking outside the box/ thinking ahead of unforeseen problems, education and explanation of claims, litigation and negotiation.

This study has recommended the following measures to be put in place by contractor and clients' representative to minimize construction dispute: Contractor and client representative should attend to Problems and claims as promptly as possible. The contractor and clients' representative should be considerate and prominently active in problem resolution. Contractor and client representative should be well educated about claims and litigation. Contractor and client representative should be courageous enough to settle dispute using alternative dispute resolution (ADR) methods.

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