

An Appraisal of Negotiation as a Dispute Resolution Method in Nigerian Construction Industry

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Abstract - Construction industries had contributed immensely to the Nigerian growing economy. However, the industries are faced with the challenge of dispute among their client which causes problems such as delay in construction, cost increase and unsuccessful project implementation in the industry. The productivity of such project management system can be improved only if potential dispute were avoided. This research therefore proposed a potential approach toward an effective disputes resolution experienced in Nigerian construction industries. The study analysed and identified the effects of disputes and the various ways by which it could be controlled. The study also looks at various types of dispute resolution techniques and the efficiency of negotiation in dispute resolution process. The method of data collection was through the use of structured questionnaires distributed to various construction professionals. The data was analysed using Microsoft excel employing bar charts, pie charts and tables. From the data analysed, majority of the responded (About 84%) concur that negotiation is an effective and beneficial method of settling dispute among Nigerian construction industries. This study provides information sufficient to strengthen the relationship of client with their constructors, thereby boosting the overall performance of construction project in the industries. The study finally established that, negotiation is the most suitable technique in resolving dispute in Nigerian construction industry. **Copyright © 2016 Penerbit Akademia Baru – All rights reserved.**

Keywords; Dispute, appraising negotiation, Construction industry, Nigeria

1.0 INTRODUCTION

Construction Industry is that sector of national economy engaged in preparation of land and construction, alteration and repair of buildings, structures and other real property [1]. Construction industry worldwide has positive impact toward the growth of economy, of countries with Nigeria not being an exception. This sector of the economy is unique in nature that calls into play proper handling of activities in the industry via the instrumentation of reliable dispute resolution techniques [2]. Conflicts are present on all construction industries and other sectors [3,14], and, if left unresolved, can have detrimental effects on the progress of the industry as well as the relationships between the stakeholders [4].

Dispute is any misunderstanding between two or more parties either contractual or non-contractual. The existence of an atmosphere of risk is present in every form of construction project and no matter how small this is, it has the ability of becoming a fully blown out

dispute if not checked [5]. With a proper perception of dispute even the smallest of matter would not be taken lightly as it can pose a great threat to the construction works with time. Disputes should be seen as difference of opinion of each party. Dispute arises from a continuous injustice misinterpretation of meaning by the other. Many such disputes need never arise if the original decision causing disagreement had been made with adequate clarity of purpose and definition or recognition of a changing situation had been built into the decision [6]. Any problem no matter how small should always be looked at and controlled so that it does not get out of hand [7]. Only poor management would assume that a problem would disappear if left over a period of time. The construction industry is a very competitive high risk business. Problems such as lack of cooperation, lack of trust and ineffective communication result in the search for new partnership in the industry. Disputes have been established as one of the major factor plaguing the construction industry in Nigeria [8]. With proper understanding, every form of challenges that comes in the form of disputes could be properly addressed.

Literature has placed negotiation in a very important position among dispute resolution mechanisms. However latest findings in some departmental research works do not suggest negotiation to be of significance value or at any important position in Nigeria, this is because the researchers focused more on other dispute resolution mechanism other than negotiation. This research work will focused on negotiation and compare findings with the existing ones in the department.

2.0 MATERIAL AND METHOD

2.1 Data Collection

The study of this research was conducted through the use of simple questionnaires distributed to various professionals in different organisations such as contracting firms and consulting offices. All the information in relation to the problem under study was also consulted.

2.2 Survey Method

Information related to the problem were gathered from reliable sources such as internet, seminars, textbooks unpublished dissertation and recent journals published on matters related to causes of construction disputes, implications of such disputes on the project, available dispute resolution techniques. Having gathered the information from sources, data was then collected from the parties believed to be part and parcel of the problem encountered.

The questionnaire survey method was adopted for the purpose of the study; this is because it has a wider application and can be administered to a larger number of respondents at minimal cost. It also saves time and can contain as many questions as possible. From the numerous means of administering questionnaire, personal deposition was adopted for the purpose of this study. This involved personal administration of questionnaire to all respondent. The questionnaires sent to the various organizations were focused more on the usefulness of negotiation in settling dispute in the construction industry. The questionnaire also use a four-point Likert-type scale to measure a range a range of opinions from "excellent", "very good", "good" and "poor".

2.3 Sample Frame

The questionnaire was distributed in Gombe environ. The questionnaire was distributed to a total of 100 construction professionals. 61 questionnaires were completed and returned by the respondents and used for analysis. This represented a response rate of 61% which is good enough in construction studies according to [9]. The data was analysed using Microsoft excel employing simple mathematical statistic.

3.0 RESULTS AND DISCUSSION

3.1 Data Analysis, Presentations and Interpretations

100 respondents were sampled out of which 61 were returned whose responses, formed the basis of this chapter as the data gathered were statistically analysed using Microsoft excel employing simple mathematical statistics .

Table 1: Questionnaires administered

NUMBER OF QUESTIONS	NUMBER OF COMPANIES	PERCENTAGE
Total number of questionnaire distributed	100	100
Number returned	61	61
Number not returned	39	39

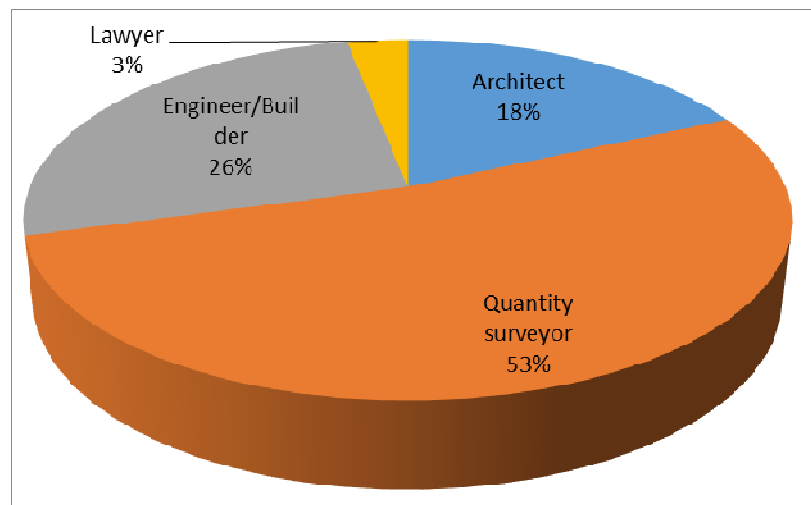


Figure 1: Individual's profession

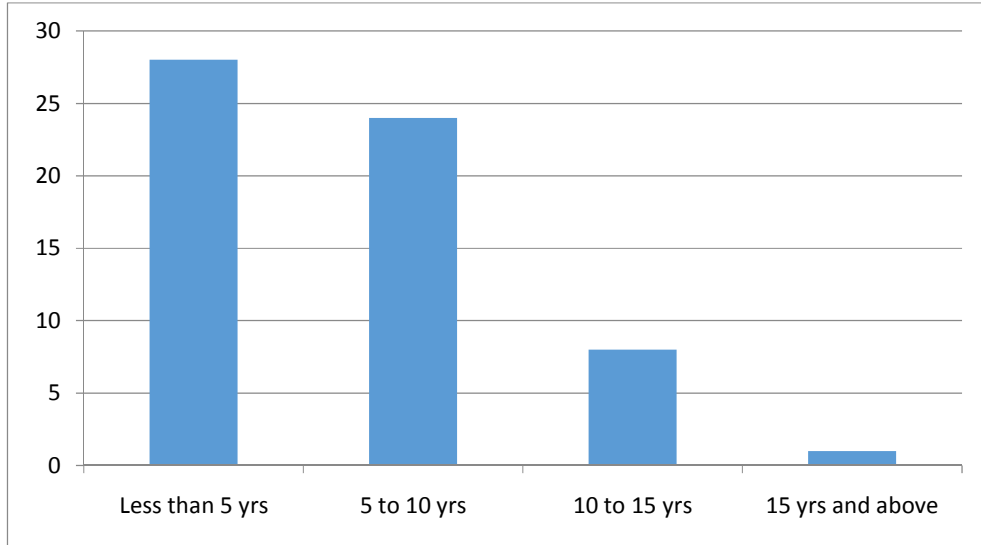


Figure 2: Years of experience

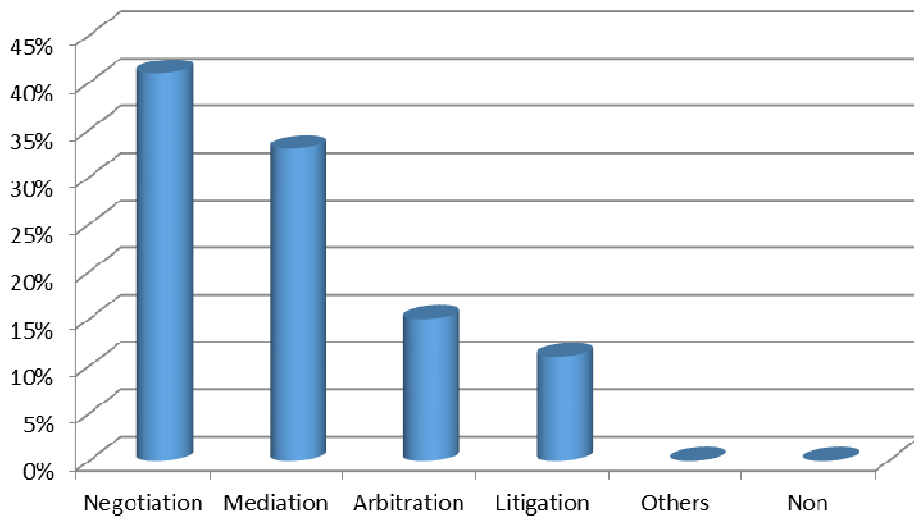


Figure 3: Involvement in dispute resolution in the construction industry

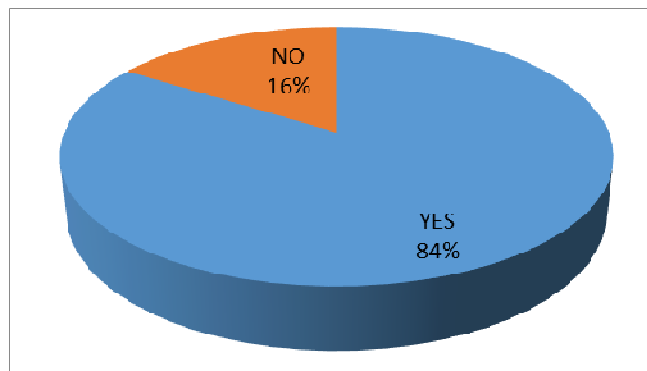


Figure 4: Is negotiation an effective means of dispute resolution in construction industry

Table 2: Process by which respondent came about the following Alternative dispute resolution (ADR)

ADR types	Course work	News papers	Text books	Discussion with friends	Others	Total
Negotiation	33	-	-		-	33%
Mediation	-	-	-	31	-	31%
Arbitration	15	-	-	-	-	15%
Litigation	-	-	21	-	-	21%
Others	-	-	-	-	0	0%

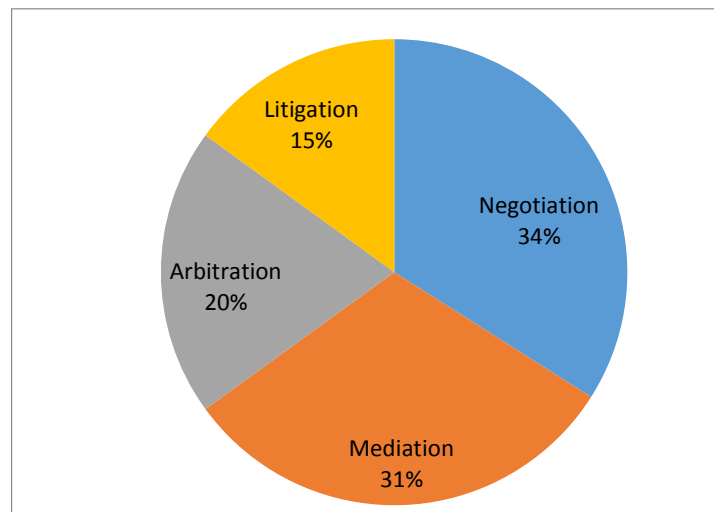


Figure 5: Assessing the level of understanding the concept of negotiation, mediation, arbitration and litigation.

3.2 Results and Discussions

1) Table 1: Questionnaires administered

Table one shows that 100 questionnaires were distributed among various professionals in Gombe metropolitan. 61% were returned while 39% were not returned.

2) Figure 1: Individual's profession

It was observed that, most of the questionnaires distributed were filled by the quantity surveyors representing 52% while lawyer recorded the lowest representing 3% (Fig 1).

3) Figure 2: Years of experience

Based on fig. 2, most of the respondents have working experience of less than 5 years was recorded to be 28nr, 5 years to 10 years was recorded to be 24nr, 10 to 15 years was recorded to be 8nr, and the least which is 15 years and above recorded 1nr. This shows that most of the respondents who were able to fill the questionnaires were young professionals with little experience and this may not provide the required result.

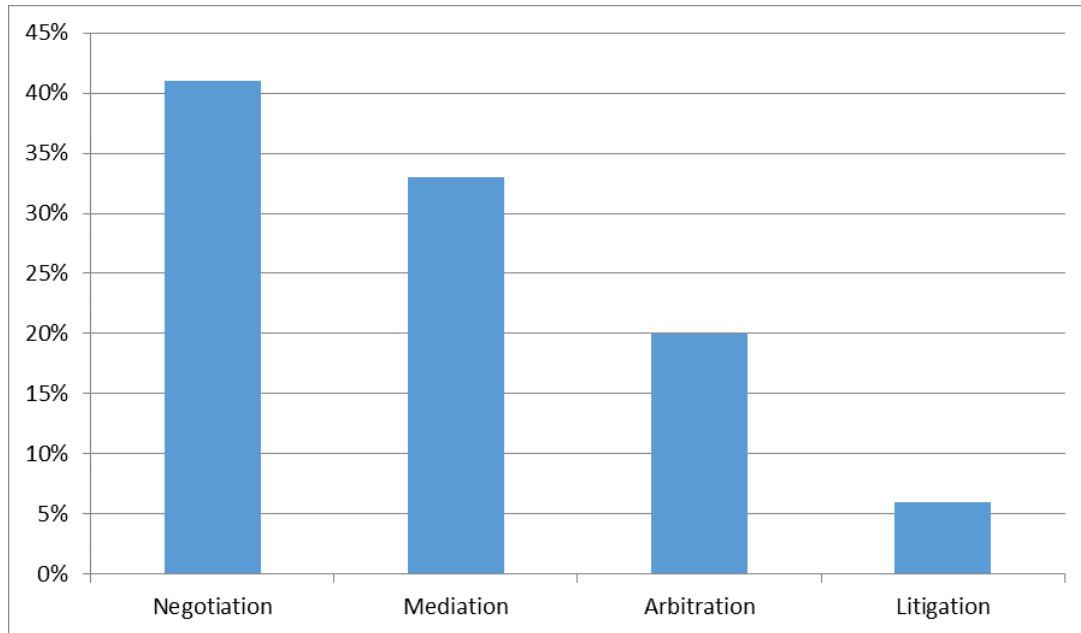


Figure 6: Which Arbitration Dispute Resolution (ADR) is the speediest in resolving dispute?

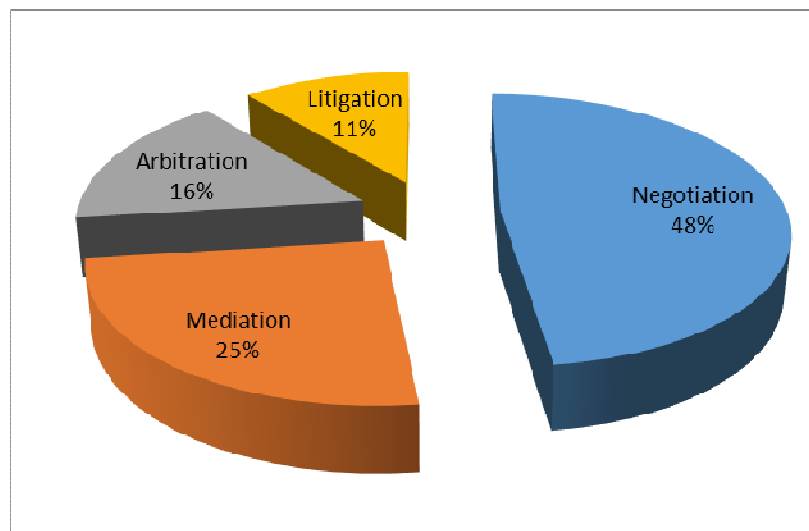


Figure 7: In terms of cost, which is more suitable for dispute resolution?

4) Figure 3: Involvement in dispute resolution in construction industry

Fig. 3 shows that, the respondents who have been involved in negotiation were recorded to be 41%, mediation 33%, arbitration 15%, litigation 11%, others 0% and non 0%. Observations show that respondents who took part in negotiation are higher than those who took part in other Alternative Dispute Resolution methods [10].

5) Table 2: Process by which respondent came about the Alternative Dispute Resolution (ADR).

Table 2 shows that, most of the respondents came about negotiation through their course work representing 33%, followed by mediation representing 31%, Some respondents came about litigation through text books representing 21%, arbitration 15% while others are 0%.

6) Figure 4: Is negotiation an effective means of dispute resolution in construction industry?

Observations show that most of the respondents considered negotiation as an effective means of settling dispute in the construction industry representing 84%. Only small number of respondents disagreed with negotiation been an effective means of dispute resolution in the construction industry representing 16%.

7) Figure 5: Assessing the level of understanding the concept of negotiation, mediation, arbitration and litigation.

Fig 5, shows that most of the respondents understand the concept of negotiation with the highest percentage of excellence which was 34%, mediation had 31%, arbitration 20% and litigation had the lowest which was 15% [11].

8) Figure 6: Which Alternative Dispute Resolution(ADR) most speedy in resolving dispute

Chart 6, shows that negotiation is the fastest means of resolving dispute having the highest percentage of excellence which was 41%, mediation 33%, arbitration 20% and litigation 6%, been the slowest means of dispute resolution when compared with others. The high percentage observation was in agreement with the research of [12].

9) Figure 7: In terms of cost, which is more suitable for dispute resolution

Fig. 7 shows that, people accepted negotiation as the cheapest means of dispute resolution with the highest percentage of excellence which was 48%, mediation having 25%, arbitration 16% and people considered litigation as the most expensive means of dispute resolution with the lowest percent of 11%. More than half of the respondents went on negotiation as cost effective compared to others [13].

4.0 CONCLUSION

Base on the research work negotiation, the following importance are therefore reported: Beneficial, Cost effective and most suitable for resolving dispute in construction industry. From the research work, arbitration was considered as the most expensive and litigation is time consuming compared to other Alternative dispute resolution (ADR). Also from the research work many people used negotiation higher, but the success of negotiation was not considered. It was concluded that negotiation is a valuable tool that will help dispute

resolution more effectively because it is less expensive, flexible, speedy, better trust on parties and therefore should be encouraged in Nigerian construction industry. Despite that analysis shows that negotiation is widely used as dispute resolution mechanism but there is no organized formal way of conducting negotiation, therefore negotiation should be well organized and the process should be establish to guide stakeholders toward better result.

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