

Received: January 29, 2024

Revised: April 14, 2024

Accepted: April 15, 2024

Enhancing Construction Claims and Dispute Resolution in the Nigerian Building Sector: Insights from Thematic Analysis

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ABSTRACT

The construction industry in Nigeria is a significant contributor to the country's economic development. However, it faces numerous challenges, including construction claims and disputes, which can significantly impact building projects and the relationships between the parties involved. This paper presents a comprehensive study that delves into the management and resolution of construction claims and disputes in the Nigerian building sector. Qualitative data collection through in-depth interviews with key stakeholders in the construction industry was conducted, and thematic analysis was employed to identify and report themes in the data. The findings provide valuable insights into the challenges faced in the construction industry, the impact of construction claims and disputes, and recommendations for improving the management and resolution of such issues. The study contributes to the existing knowledge base in construction management and offers practical implications for stakeholders in the Nigerian building sector.

KEYWORDS: Construction Claims, Dispute Resolution, Thematic Analysis, Nigerian Building Sector, Qualitative Research

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DOI: <https://doi.org/10.5455/NJEAS.188525>



1 | INTRODUCTION

One of the biggest and most significant segments of the world economy, the construction sector helps to create the services, infrastructure, and structures that are necessary for societal advancement and human well-being. The World Economic Forum estimates that in 2019, the construction sector employed over 200 million people globally and contributed over 13% of the global GDP. [1]. The building and construction sector is a major force behind innovation, productivity, and sustainability, as it shapes the physical environment and influences the environmental, social, and economic impacts of human activities [1].

However, the construction industry also faces many challenges and risks, such as increasing complexity, uncertainty, competition, regulation, and stakeholder expectations [2]. The parties involved in building projects, including owners, contractors, consultants, suppliers, and regulators, frequently experience disagreements, claims, and disputes because of these circumstances. [2]. Construction claims are defined as requests for additional compensation or time extension due to changes or unforeseen events that affect the contract terms or conditions. Construction disputes are disagreements or arguments over the validity or quantum of a claim [3]. Claims, disagreements, and conflicts may have a detrimental effect on the project's performance, such as cost overruns, schedule delays, quality defects, safety hazards, and customer dissatisfaction [2]. Therefore, it is essential to manage and resolve them effectively and efficiently.

The quantity and value of claims submitted by owners and contractors in the city's numerous development projects demonstrate how common construction claims are in Abuja. According to a study by [4], the average number of claims per project in Abuja was 8.6, and the average value of claims per project was Naira 28.9 million. The study also discovered that variations, delays, compensation, and more work were the most often reported categories of claims in Abuja. Another study by [5] reported that the average number of claims per project in Abuja was 7.4, and the average value of claims per project was Naira 32.7 million. The study also determined that modifications to the design or scope, hold-ups in permissions or payments, variations in costs or exchange rates, and subpar site conditions were the most common reasons for claims in Abuja. The prevalence of construction claims in Abuja can be attributed to various factors such as the complexity and

diversity of construction projects, the inadequacy and inconsistency of contract documents, the parties' respective cultures and attitudes, the impact of political and economic considerations, and the lack of coordination and communication among project participants [6]. These factors often create misunderstandings, disagreements, and conflicts among the parties, leading to claims and disputes. This research aims to address these gaps and provide a comprehensive framework for investigating construction claims and dispute resolution methods in construction companies in Abuja.

The aim of this research is to investigate the causes, effects, and methods of resolving construction claims and disputes in selected construction companies and projects in Abuja, Nigeria. This research will also examine the factors and criteria that influence the choice and satisfaction of various conflict resolution techniques, and provide recommendations for improving the management and resolution of construction claims and disputes in the Nigerian construction industry. To achieve this aim, the research shall assess; Developing clear and specific research objectives that are derived from your research aim and that guide your data collection and analysis methods. Conducting a comprehensive literature review that covers the relevant theoretical and empirical background of your research topic and that identifies the research gap that your study intends to fill. Collecting and analysing data from appropriate sources and using appropriate tools and techniques that address your research objectives and questions. Discussing and interpreting your findings in relation to the existing literature and your research aim and objectives.

The hypothesis discussed in this study indicated that There is a significant difference between the proposed framework and the current practice of selecting the appropriate dispute resolution method based on the source and type of construction claim in Abuja construction industry.

The significance of this study is that it will fill the gap in the literature on the construction sector, project management, stakeholders, and academic community. The goal of the study is to solve a current issue that is pertinent to construction projects in Abuja, Nigeria, and has an impact on their effectiveness. Additionally, the research intends to offer workable and relevant solutions that might improve the efficacy and efficiency of

techniques for resolving disputes involving building claims and also provide recommendations and solutions that may enhance swift resolution of conflicts.

2 | LITERATURE REVIEW

[7] conducted a study on the sources of disputes in Nigerian construction contracts and the resolution techniques employed between clients and contractors. The study used a mixed-methods approach, involving interviews, questionnaires, and case studies. The study found that the main sources of disputes were contractual ambiguities or breaches, communication failures or misunderstandings, and cultural differences or conflicts. The study also found that the most common resolution techniques were negotiation, arbitration, and litigation.

[8] conducted a study on the dispute resolution methods used in the construction industry. The study used a qualitative approach, involving interviews and questionnaires. The study found that arbitration, adjudication, and mediation were the most frequently used dispute resolution methods in the construction industry. The study also found that the main challenges and barriers for using alternative dispute resolution (ADR) methods were lack of awareness, knowledge, skills, and trust among the construction professionals.

[9] conducted a study on the causes and effects of disputes on project delivery in Nigeria. The study used a quantitative approach, involving questionnaires and statistical analysis. The study found that the main causes of disputes were variations, delays, payments, extra works, and quality issues. The study also found that the main effects of disputes were cost overruns, schedule delays, quality defects, and relationship breakdowns.

3 | RESEARCH DESIGN AND METHODOLOGY

The study adopts a qualitative research method that involves the research technique of thematic analysis and used an in-depth interview instrument. The thematic analysis technique was chosen because it can identify, code, and interpret the patterns or themes that emerge from the interview data. The thematic analysis technique can also answer the research hypotheses or questions based on the qualitative evidence from the interview data. The study employs a probability sampling technique to select a representative sample of the population.

3.1 Sample Size and Sampling Technique

The sample size and sampling procedure are essential techniques employed to select a subset of the population that accurately represents the research's goals, enhancing data reliability and minimizing resource expenditure. The sample size can be determined by using various formulas and methods, depending on the research design, objectives, and hypotheses.

For this study, the sample size is calculated by using the formula for estimating a single population proportion:

$$n = \frac{N}{1 + N(e)^2} \quad \dots\dots\dots \text{Equation 1}$$

Where;

n = sample size,

N = population size

e = error level of significant.

The squared upper bound on the sampling error or significance threshold is 5% = 0.05

Using this formula in equation-1, the required sample size for this study is:

n = ? N = 200, e = 0.05

$$n = \frac{N}{1 + N(e)^2}$$

=

$$\frac{200}{1 + 0.5} = \frac{200}{1.5}$$

$$n = 133.33 = 133 \text{ approx.}$$

For this study, the sampling technique that is used is stratified random sampling, which is a type of probability sampling. Stratified random sampling involves dividing the population into homogeneous subgroups or strata based on a relevant characteristic, and then selecting a random sample from each stratum. Probability sampling employs random selection processes, ensuring every population member has an equal chance of inclusion, thereby enhancing research results' generalizability and accuracy, while its subtypes include basic cluster, stratified, random, and systematic sampling [9].

3.2 Methods of Data collection

For this study, the primary source of data is the interview that is administered to architects, project managers, engineers, Quantity surveyors and lawyers. The interview is designed to collect qualitative data on the causes of conflict, claims and the best suited dispute resolution method construction companies can adopt. The interview guides for in-depth qualitative discussions with a smaller subset of respondents, enabling a comprehensive approach aligned with the research

objectives. The secondary source of data for this study is the relevant literature review.

3.3 Data Analysis method

For this study, the data analysis techniques and tools used the following steps which are as follows:

Step 1: Reviewing the literature and theoretical framework: The literature and theoretical framework were assessed across four primary themes: construction claims, dispute resolution methods, frameworks for selecting dispute resolution methods, and research gaps and hypotheses, facilitating the identification and definition of pertinent concepts and variables relevant to the research objectives.

Step 2: Formulating the research hypotheses and questions: The research hypotheses and questions for this study were formulated based on the literature and theoretical framework of this study. The research hypotheses and questions helped to specify what aspects or dimensions of the research variables will be explored by the interview.

Step 3: Constructing the interview guide: The interview guide for this study was constructed based on the research hypotheses and questions of this study. The interview guide consisted of three sections: Section A - Introduction; Section B - Main questions; Section C - Conclusion. The interview guide used various types of questions such as open-ended questions, probing questions, follow-up questions, etc., to elicit rich and detailed data from the interviewees on the research issues or themes.

Step 4: Conducting and recording the interview: The interviews, conducted in-person or via phone/video calls with participating construction company managers or directors, adhered to interview guides and utilized communication skills, while recordings and transcriptions were made for subsequent data analysis.

4 | RESULTS ANALYSIS AND DISCUSSION

4.1 Result analysis

The data collection process for this research involved conducting an interview via zoom as the platform. The interview was designed to collect information on various aspects of. The thematic analysis revealed four main themes and 19 subthemes related to construction claims and dispute resolution in the Nigerian building sector. These themes and subthemes encompass a wide range of

issues, including the root causes of construction disputes, the effectiveness of various conflict resolution techniques, and the impact of disputes on project performance and success. The findings provide valuable insights into the challenges faced and potential solutions for improving the management and resolution of construction claims and disputes in Nigeria. The study's findings shed light on the complexities of construction claims and disputes in the Nigerian context and offer practical implications for industry stakeholders.

THEME	SUB-THEME	DESCRIPTION
Dispute causes	Design errors	Errors in the design documents that lead to conflicts over the scope, cost, and time of the project
	Scope changes	Changes in the scope of work that lead to conflicts over the variations, claims, and delays
	Contract ambiguities	Ambiguities or inconsistencies in the contract terms and conditions that lead to conflicts over the interpretation and application of the contract
	Payment delays	Delays in the payment of the invoices or claims that lead to conflicts over the cash flow and interest
	Poor communication	Lack of effective communication and collaboration between the parties that lead to conflicts over the information and expectations
	Unrealistic expectations	Unrealistic or unreasonable expectations of the parties that lead to conflicts over the performance and satisfaction
Dispute resolution methods	Negotiation	A method of resolving disputes by direct communication and discussion between the parties, and finding a mutually acceptable solution
	Mediation	A method of resolving disputes by involving a third party (mediator) who facilitates the communication and negotiation between the parties, and helps them to reach a voluntary agreement
	Adjudication	A method of resolving disputes by referring the dispute to a third party (adjudicator) who reviews the evidence and arguments of the parties, and makes a binding decision
	Arbitration	A method of resolving disputes by submitting the dispute to a third party (arbitrator) who conducts a formal and legal process, and makes a final and enforceable decision
	Litigation	A method of resolving disputes by taking the dispute to a court of law, where a judge or a jury makes a final and enforceable decision
Dispute outcomes	Fairness	A criterion of evaluating the outcome of the dispute resolution method based on the justice and equity of the decision or agreement
	Efficiency	A criterion of evaluating the outcome of the dispute resolution method based on the time and cost of the process and the decision or agreement
	Effectiveness	A criterion of evaluating the outcome of the dispute resolution method based on the quality and durability of the decision or agreement
	Finality	A criterion of evaluating the outcome of the dispute resolution method based on the possibility and probability of appealing or challenging the decision or agreement
Dispute prevention	Clear and comprehensive contract	A practice or strategy of preventing or minimizing disputes by having a clear and comprehensive contract that covers all the aspects of the project, such as scope, design, quality, cost, time, and risk
	Effective communication and collaboration	A practice or strategy of preventing or minimizing disputes by communicating and collaborating effectively with the other parties, and resolving any issues or concerns as soon as possible
	Proactive risk management	A practice or strategy of preventing or minimizing disputes by identifying and assessing the potential risks and uncertainties of the project, and taking appropriate measures to avoid or mitigate them
	Continuous learning and improvement	A practice or strategy of preventing or minimizing disputes by learning from the past and current experiences and feedbacks, and improving the performance and quality of the project

Source: Authors Research (2023)

5 | SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The following are the study's main research findings: In Abuja, Nigeria, incomplete or unfounded claims, delays, scope changes, and workmanship difficulties were the primary sources of construction claims and disputes. The most frequent and effective methods of resolving construction claims and disputes in Abuja, Nigeria were negotiation, mediation, arbitration, and adjudication. The parties engaged in claims and disputes pertaining to building in Abuja, Nigeria had different levels of satisfaction and dissatisfaction with the various dispute resolution methods. The parties engaged in claims and disputes pertaining to building in Abuja, Nigeria expressed their opinions and preferences on the existing and alternative dispute resolution methods, as well as their suggestions and recommendations for improving the dispute resolution process in the construction industry. The current dispute resolution process in the construction industry in Abuja, Nigeria faced various obstacles like poor communication, trust, cooperation, documentation, expertise, etc., and had various benefits and drawbacks, such as cost, time, efficiency, fairness, enforceability, relationship preservation, etc. The potential improvements and reforms that could be made in order to improve the Abuja building industry's dispute settlement procedure, Nigeria included education, training, awareness, standardization, regulation, innovation.

The study draws the following conclusions from the findings and discusses their implications for the field of construction claims and dispute resolution in the Nigerian context:

- i) The study found that construction claims and disputes in Abuja, Nigeria were mainly caused by problems with the workmanship, incomplete or unsupported claims, scope changes, delays, and economic recession, cultural diversity, legal system, etc. Additionally, the survey discovered that the most popular and successful means of settling construction-related claims and disagreements in Abuja, Nigeria were negotiation, mediation, arbitration, and adjudication. These methods had various benefits and drawbacks, such as cost, time, efficiency, fairness, enforceability, relationship preservation, etc.
- ii) The study further found that the parties engaged in claims and disputes pertaining to building in Abuja, Nigeria had different levels of satisfaction and dissatisfaction with the various dispute resolution methods. The satisfaction and dissatisfaction levels were affected by various factors, such as roles, positions, experiences, expectations, outcomes, etc.

- iii) The study additionally found that the parties to construction disputes and claims in Abuja, Nigeria expressed their opinions and preferences on the existing and other techniques for resolving disputes, in addition to as their suggestions and suggestions for enhancing the construction industry's dispute settlement procedure. The opinions and preferences were based on various criteria, such as speed, simplicity, flexibility, confidentiality, etc.
- iv) The study finally found that there were a number of issues with the current dispute resolution procedure in the Nigerian construction sector in Abuja, including poor communication, trust, cooperation, documentation, expertise, etc., and that there were potential improvements and reforms that could be made to enhance the Nigerian construction industry's dispute settlement procedure in Abuja.

Based on the findings and conclusions of the study, the following recommendations are made for policy makers, researchers, and Abuja construction companies:

- i) Enhance communication, trust, cooperation, and documentation among all participants in the building project, including suppliers, subcontractors, owners, contractors, and consultants.
- ii) Implement effective contract management and administration practices, such as clear and comprehensive contract terms and conditions, timely and accurate payment procedures, fair and reasonable change order processes.
- iii) Adopt proactive and preventive dispute avoidance techniques, such as risk identification and assessment, dispute review boards, partnering agreements.
- iv) Utilize appropriate and suitable dispute resolution methods, depending on the type, complexity, and importance of the disagreement, an adjudication, arbitration, mediation, or negotiation may be used.
- v) Seek professional advice and assistance from experts and specialists in construction claims and the settlement of disputes, such as lawyers, arbitrators, mediators, adjudicators.
- vi) Develop and implement a comprehensive Consistent, open, and enforceable legal framework for construction claims and conflict settlement in Abuja, Nigeria.
- vii) Promote and encourage the application of techniques for alternative dispute resolution (ADR), like negotiation, mediation, arbitration, and adjudication, as preferred options over litigation, in line with international best practices.
- viii) Provide adequate and accessible infrastructure, resources, and facilities for ADR techniques such as adjudication panels, mediation centres, arbitration tribunals, etc.
- ix) Establish and maintain quality standards, guidelines, and codes of conduct for ADR practitioners, such as

- arbitrators, mediators, adjudicators, etc., to ensure their competence, impartiality, and professionalism.
- x) Enhance education, training, awareness, and research on construction claims and dispute resolution among different parties involved in the construction sector, including consultants, owners, and contractors, lawyers, academics, students, etc.
 - xi) Monitor and control the project progress and performance regularly and systematically to identify and address any issues or problems that may arise or affect the project outcomes.
 - xii) Anticipate and mitigate the potential risks and uncertainties that may cause or contribute to construction claims or disputes, such as design errors, material defects, labor shortages, weather conditions, etc.
 - xiii) Establish and maintain a positive and constructive relationship with all parties involved participants in the project, including suppliers, subcontractors, consultants, owners, and contractors, to foster mutual trust, respect, and cooperation.

In Abuja, Nigeria, the study has improved the theoretical knowledge of construction claims and dispute resolution by proposing a conceptual framework for analyzing and managing construction claims and disputes in the context of Abuja, Nigeria. The conceptual framework integrates various aspects of construction claims and dispute resolution, such as causes, frequency, effects, methods, satisfaction, opinions, preferences, challenges, benefits, drawbacks, improvements, and reforms. The conceptual framework also incorporates various contextual factors that influence construction claims and dispute resolution in Abuja, Nigeria, such as political instability, economic recession, cultural diversity, legal system, etc. The conceptual framework provides a comprehensive and holistic perspective on construction claims and dispute resolution in Abuja, Nigeria, and can be used as a tool for diagnosis, evaluation, and enhancement of the construction industry's current dispute resolution procedure.

The study has provided practical and policy relevant information and recommendations covers a range of parties involved in the Nigerian capital of Abuja's building sector, including construction firms, government and regulatory bodies, legal and contractual parties, project managers and risk managers, and other industry participants. The study has identified the main causes of construction claims and disputes in Abuja, Nigeria, and suggested strategic measures to prevent or minimize them. The study has evaluated the most frequent and effective methods of resolving construction claims and disputes in Abuja, Nigeria, and recommended policy measures to support and facilitate them. The study has assessed the satisfaction level of the parties involved in construction claims and disputes in Abuja, Nigeria, and suggested legal and contractual measures to protect

and safeguard their rights and interests. The study has explored the opinions and preferences of the parties involved in construction claims and disputes in Abuja, Nigeria, and suggested project management and risk mitigation strategies to manage and control construction claims and disputes in their projects. The study has identified the challenges, benefits, drawbacks, improvements, and reforms of the current dispute resolution process in the construction industry in Abuja, Nigeria, and offered recommendations on how industry participants should actively and constructively contribute to the improvement of construction claims and dispute resolution in the sector.

The study has implications for the construction management field in general and for the construction management education, training, research, and practice in particular. The study has enhanced the knowledge base on construction claims and dispute resolution in Abuja, Nigeria, which can be used as a reference, source, or inspiration for future studies or projects on similar or related topics. Additionally, the study has shed light on the dynamics of building claims in Abuja, Nigeria, which can be used to develop more effective, efficient, fair, and long-lasting procedures for resolving conflicts in the building sector.

The study has also proposed a conceptual framework for analyzing and managing construction claims and disputes in Abuja, Nigeria, which can be used as a tool for diagnosis, evaluation, and improvement of the current dispute resolution process in the construction industry. The study has also offered various recommendations for various stakeholders in the construction industry in Abuja, Nigeria, which can be used to prevent or minimize construction claims and disputes, as well as to resolve them effectively and efficiently.

The current study has focused on construction claims and dispute resolution in Abuja, Nigeria, which is a specific and narrow research topic within the broader field of construction management. Therefore, there are many unexplored research avenues that can be pursued in relation to construction claims and dispute resolution in general or in other contexts or settings. Some of these unexplored research avenues are:

- i The effects of construction dispute and claims on the profitability, sustainability, quality, and safety of projects.
- ii The role of culture, ethics, trust, and power in construction claims and dispute resolution.
- iii The comparison and evaluation of different dispute resolution models and frameworks, such as the Dispute Resolution Ladder, the Dispute Resolution Spectrum, the Dispute Resolution Continuum, etc.
- iv The assessment and improvement of the skills, competencies, and behaviours of the parties engaged in communication, negotiation, mediation, arbitration,

adjudication, etc. in construction claims and dispute resolution.

Reports, 21–32.
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