

ASSESSMENT OF PAYMENT PROBLEMS TO SMALL-SCALE CONTRACTORS DURING THE ECONOMIC CRISIS IN SRI LANKA

P. D. P. Samaraweera and S. R. Muditha Seneviratne

*Department of Quantity Surveying, University of Vocational Technology, Sri Lanka
padmalals@gmail.com*

Abstract: As a result of COVID-19 pandemic and profound causes construction industry of Sri Lanka facing significant novel difficulties of performance from 2019 onward. Thus, main contractors, especially small-scale contractors often struggle with managing labor, material, equipment and finances and these financial burdens passed along the supply chain to sub-contractors and supplier, exacerbating the situation. Therefore, it is identified a significant need of assessing payment problems of small-scale contractors during the economic downturn. Thus, there is a need of determining key causes and impacts of influential problems and applying strategies in this context, as remedial management tools at mitigating the effect of payment problems on small-scale contractors of Sri Lanka during the economic crisis. Accordingly, ten (10) case studies were conducted in qualitative approach and validated the literature findings at small-scale construction projects affected by payment problems due to economic crisis from 2019, later analyzed using manual content analysis. The findings of the study identified thirty-six (36) common specific factors causing payment problems and eighteen (18) new factors by interviews. Further, twenty-six (26) common impacts on small-scale contractors during the economic crisis were identified with four (4) new factors. Consequently, the study proposes twenty-five (25) suitable strategies to mitigate payment problems with eight (8) new strategies, and analysis concluded that seven (7) strategies were unique to mitigate payment problems in small-scale construction projects during the economic crisis. This research further recommended six (6) recommendations including development of the CIDA price fluctuation with improvements of mechanisms for reimbursement of price escalations and improved payment methods.

Keywords: Payment Problems, Economic Crisis, Small-scale Contractors.