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THE IMPACT OF CLAIMS MANAGEMENT PRACTICES ON THE QUALITY OF CONTRACTOR-CLIENT RELATIONSHIPS AND PROJECT PERFORMANCE

BY: -MULUALEM BIRMETA

ADVISOR: -BETHELHEM FIKRU (Ph.D.)

A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF ARTS IN
PROJECT MANAGEMENT

JUNE 2026

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DECLARATION

I herewith confirm that this thesis titled with "THE IMPACT OF CLAIMS MANAGEMENT PRACTICES ON THE QUALITY OF CONTRACTOR-CLIENT RELATIONSHIPS AND PROJECT PERFORMANCE" is my own work which has not presented for any other university. Furthermore, it has not previously been submitted for any degree and that all Sources of materials adopted for the thesis have been recognised.

Candidate-

Mulualem Birmeta

Signature: _____ Date _____

This is to verify that the above declaration given by the candidate is valid to the best of my acknowledgment.

Advisor:

Signature: _____ Date _____

Bethelhem Fikru (Ph.D)

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MA Thesis By

MULUALEM BIRMETA

June 2026

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Internal Examiner	Signature	Date

ABSTRACT

Claims are not only legal issues, but a fact of life, and embedded in the contract formulation, Design preparation, contract interpretation, contract management and project cost estimation, which are all part and parcel of the complexities inherent in the industry. This research is concerned with exploring and controlling these claims and the impact on two important outcomes of a project: project performance and the relationships between the contractors and the clients. A significant contribution of the study is that it moves beyond the technical processes of construction to explore more relational impacts. The data were collected from a survey of 91 valid response out of 115 professionals who were sampled from contractors, consultants, and clients and were subsequently analysed by using SPSS (v.27) regression and mediation modelling. Cronbach's Alpha of 0.967 were confirmed while checking the data reliability. Where the results are signifying claims management boosts contractor–client trust ($r=0.747 p<0.001$) and its impact on project performance, though significant, is more moderate ($r= 0.611$ $p<0.001$). In addition, Regression modelling depicts claims management is a strong predictor of success, accounting for 37.3% of the variance in project performance. In particular, the practice of systematically documenting, along with faster resolution timelines and collaborative negotiation tactics that are shown to enhance professional trust and maximize cost, time and quality parameters. Mediating analysis results showed something surprising: relationship quality is not really a mediator between performance and claims management, but both of these factors are independent variables that can lead to success. Also, the results provide only partial evidence of the moderating effect of CCRS. This implies even when a relationship is strained, if they have to get things documented in detail and resolved timely, a project's completion date and timeline can still be saved. Lastly, the study calls for a shift from the traditional to digitalised processes and towards proactive negotiation as important instruments for managing the construction project landscape.

Keywords: *Claims Management, Project Performance, Contractor–Client Relationship, Construction Industry, Dispute Resolution.*

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ABBREVIATIONS

FIDIC – ‘Fédération Internationale des Ingénieurs – Conseils

PPA-Public Procurement Agency.

CCRS-Contractor Client Relationship

CMP-Claims Management Practice

PP-Project Performance

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CHAPTER ONE

INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Diverse stakeholders, interconnected activities, and heavy financial commitments are the major characteristics that signifies complexities of contemporary construction projects. Claims requests for additional time or compensation due to unforeseen events an almost inevitable aspect of the industry due to those complexities. (Assaf & Al-Hejji, 2006; Sibanyama et al., 2012). Project teams are responsible and must be proactive to manage claims that arise from various factors like design changes, poor planning, or vague contracts, since their impact determines the project delivery and to meet or not to meet the stakeholder expectation. Therefore, claims management is an essential, serving as a vital mechanism to ensure fairness and prevent the escalation of simple claims into costly, resource consuming disputes (Diekmann & Girard, 1995; Cinko et al., 2023).

Timely documentation, clear communication, and professional negotiation are the pillars of success in project delivery frequently hinges on structured management practices. Besides settling financial accounts those practices stabilize the project environment and maintain trust between parties. In contrast in Developing countries claims are handled poorly and reactively results in strained contractor-client relationships and reduced project performance in terms of key project constraints of cost, quality, and time. (Jaffar et al., 2011; Zaneldin, 2006).

Although claims management has been identified as one of the most important aspects, the literature is still fragmented. Most technical causes and effects have been the focus of academic work, with little attention being paid to the Relational effect they can bring on stakeholders. It is unknown how the claims process can be used as a strategic tool to improve collaboration. Specifically, the Ethiopian construction industry lacks empirical evidence regarding how the long-term quality of professional relationships and overall project outcomes influenced by systematic claims handling techniques.

In terms of methodology, the previous studies have used descriptive analysis, and there is a gap in quantitative modeling related to moderating variables e.g. project size, complexity, and contract

type. This means that a comprehensive framework is needed which moves, beyond cause analysis of claims. This study aims to fill these conceptual and identified methodological gaps through empirical testing of the impact of claims management practices on quality of contractor-client relationship and project performance in the specific context of Ethiopia.

1.2. PROBLEM STATEMENT

Flaws in claims management including incomplete claims design, inadequate claims documentation and planning, slow response, poor communication and lack of acceptable negotiation tools can turn manageable problems into serious claims disputes. Claims are an inevitable part of any construction activities that most of the construction companies fail to manage despite the fact that they are common and usually occur as a result of delays, variations, unexpected site conditions, design changes and contractual misunderstandings.

Inadequate claims management is a significant negative influence on key project performance criteria such as cost efficiency, adherence to schedule and quality requirements, and is likely to foster adversarial relationships between contractors and clients. Those stressful relationships foster mistrust, weekend partnership, and communication breakdown (Jergeas & Hartman, 1994; Love et al., 2011; Cheung & Yiu, 2007; Diekmann & Girard, 1995).

In Ethiopia there are a significant number of projects that suffer from poor contract administration systems, ineffective procedures, insufficient professional skills and an absence of a standard claims handling system (Abdissa, 2003; Biniyam Aschalew, 2022). These flaws often lead to unmet expectations, extended conflicts, and project delays. Reducing stakeholder satisfaction as a result of ineffective claims management, which in turn leads to projects with time overruns, escalating costs and compromised quality, has been a major challenge in the construction industry for many years. (Abdissa,2003; Gezahegne, 2011).

However previous studies have focused on the technical and contractual aspects of claims, they often ignore the relational and performance implications, especially within developing economies. By assessing this gap, the study adds valuable empirical evidence to the existing body of knowledge in construction project management.

Thus, the main issue addressed in this study is poor claims management and the lack of awareness of the impact of claims management on contractor–client relationships as well as on project performance in construction projects. To develop more cooperative project environments, minimize conflicts and enhance the outcomes of the construction sector in Ethiopia, addressing this gap is crucial.

1.3. RESEARCH QUESTIONS

1. What are the major components of construction project claims management practices in Addis Ababa, Ethiopia?
2. How does each element of claims management practice (claim identification, documentation, notification, evaluation, negotiation, and resolution) influence the quality of contractor–client relationships?
3. How does each element of claims management practice affect project performance, in terms of cost, time, quality, and overall project success?
4. What is the relationship between contractor–client relationship quality and project performance in construction projects?
5. What is the mediating role of contractor–client relationship quality between claims management practices and project performance?
6. What major challenges hinder the effective implementation of claims management practices in construction projects?
7. Which strategies can stakeholder adopted to improve claims management practices in order to strengthen contractor–client relationships and enhance project performance?

1.4. OBJECTIVES OF THE STUDY

1.4.1. GENERAL OBJECTIVE

To evaluate the impact of claims management practices on the quality of contractor–client relationships and project performance in construction projects.

1.4.2. SPECIFIC OBJECTIVES

1. To identify the key elements of claims management practices adopted in construction projects, including claim identification, documentation, notification, evaluation, negotiation, and resolution.
2. To examine the effect of each claims management element on the quality of contractor–client relationships, in terms of trust, cooperation, communication, and conflict resolution.
3. To assess the effect of each claims management element on project performance, measured by cost, time, quality, and overall project outcomes.
4. To analyse the mediating role of contractor–client relationship quality in the relationship between claims management practices and project performance.
5. To identify the major challenges affecting the effective implementation of claims management elements in construction projects.
6. To propose practical strategies for improving claims management practices that enhance contractor–client relationships and lead to improved project performance.

1.5. RESEARCH HYPOTHESES

Based on the research objectives and questions, I have developed the following hypotheses for empirical testing.

GENERAL HYPOTHESIS

H_0 (Null Hypothesis)**:** Claims management practices have no significant effect on contractor–client relationships and project performance in building construction projects.

H_1 (Alternative Hypothesis)**:** Claims management practices have a significant effect on contractor–client relationships and project performance in building construction projects.

1.5.1. SPECIFIC HYPOTHESES

H1: Effective claims identification and notification practices have a significant positive effect on contractor–client relationships in construction projects.

H2: Proper claims documentation and record keeping practices have a significant positive effect on project performance in terms of cost, time, and quality.

H3: Timely evaluation and assessment of claims significantly reduce disputes in construction projects.

H4: Effective claims negotiation and settlement practices have a significant positive effect on contractor–client relationships.

H5: Overall claims management practices have a significant positive effect on construction project performance.

1.6. SIGNIFICANCE OF THE STUDY

The study of this nature and scope is significant in the following ways:

- The study adds to the understanding of the relationship between claims management practices and relationship quality of contractors and clients, and project performance in construction projects.
- Most of the previous studies concentrated on the technical and contractual dimension of claims, and barely took the relational and performance dimension into account, particularly in the context of developing economies from an empirical perspective.
- The study will guide these stakeholders to recognize the shortcomings of the current claims management processes and to consider a more structured, transparent and proactive claims management approach.
- The findings also offer valuable insights that can help the Government and regulatory bodies develop policies and guidelines to enhance the contract administration and mechanism for resolving disputes in the construction industry.
- Lastly, it can be used as a benchmark for future academic studies, providing a framework of ideas and relationships among claims management practices, contractor–client

relationship quality and project performance that can be tested in the future. It provides a basis for additional research on relationship management, dispute resolution, and optimizing project performance in construction projects.

1.7. SCOPE OF THE STUDY

The current study is aimed at studying the effect of claims management practices on Quality of Contractor/Client relations and project performance in construction projects. Specifically, it examines identification, documentation, evaluation, negotiation and resolution processes used by practitioners, and how these processes affect professional relationships, and the project overall.

The geographical scope the study is only in Addis Ababa, Ethiopia, mainly for building projects. I choose this geographical area because of the volume of construction activity in the city, along with the number of times projects are delayed, cost overrun and disputes. The research takes into account the viewpoints of the major stakeholders directly engaged in claims management such as contractors, consultants and clients.

Content-wise, the study focuses on the claims that may be asserted during the execution of the project, such as claims of time, cost and scope changes. Does not include legal arbitration procedures, court action or claims after completion of the project. Moreover, the research is not based on detailed analysis of financial audit or legal interpretation of clauses in a contract in isolation from the claims management process, unless they relate explicitly to a claims management process.

In conclusion, the scope provides actionable and context-specific insights that can be applied to enhance claims handling processes, boost contractor-client relationships, and improve project outcomes in the Ethiopian construction sector.

1.8. LIMITATIONS OF THE STUDY

This study has contributed greatly to the understanding of the issue; however, it has certain limitations. The research is purely limited to only projects located in Addis Ababa are taken into consideration, this may not be applicable to other areas where other legal or industrial standards

differ. Methodologically, the use of self-reported data (survey and interviews) may involve the personal bias or subjective interpretation from participants.

Furthermore, the following limitations in the study were observed:

- **Phase Limitation**: It looks only at the execution phase, not claims that go to arbitration or litigation post project completion.
- **Subjectivity:** Another attempt to measure Relationship quality is done by perceptual measures such as trust and cooperation that can vary depending on the recent experiences of the respondent.
- **Scale:** The study sample was small, and future, long-term studies would be required to monitor long-term trends.

In spite of all these limitations, the study is a useful guide to the improvement of claims management and collaboration among stakeholders in the construction industry of Ethiopia.

1.9. ORGANIZATION OF THE STUDY

The study is organized into five chapters.

Chapter One: Introduction The introduction of the study is presented in this chapter which introduces the background of the study, problem statement, research objective, research questions, significance of the study, scope of the study and limitations of the study. It sets the groundwork and justification for the research.

Chapter Two: Literature Review This chapter has attempted to review the existing literature on claims management practices, contractor–client relationship, and project performance in construction projects. It considers theories, models and empirical research for the research topic, looks for gaps in knowledge and sets up the conceptual framework for the research study.

Chapter Three: Research Methodology Attempted to explain the methodology of the study; namely, the research design, population and sample, data collection technique and data analysis

technique used in the study. In addition, its ethical aspects and the validity and reliability of the research instruments are discussed.

Chapter Four: Results and Discussion Presents and discusses the results of the study. It analyses the findings against the background the literatures reviewed, draws out some important findings and comments on the implications of the claims management practices for contractor–client relations and project performance.

Chapter Five: Conclusions and Recommendations Finally a summary of the key findings, conclusions drawn based from research objectives, and practical recommendations to improve claims management practices are presented. It also indicates directions for future research.

1.10. DEFINITION OF KEY TERMS

To make a clear understanding of terms that will be used in this research and for consistency,the following key terms are defined as follows in their application of the research,

1. **Claims**- a formal request made by either a contractor or a client for time or cost compensation due to changes in scope or events, conditions, or circumstances not initially accounted for in the contract.
2. **Claims Management**- a systematic process of identifying, documenting, assessing, negotiating, and resolving claims arising during the execution of a construction project to minimize disputes and maintain overall project performance with respect to cost time and quality.
3. **Contractor–Client Relationship**-The professional interaction, trust, communication, and collaboration between the contractor and client throughout a project's lifecycle.
4. **Project Performance**-The degree to which a construction project meets its objectives in terms of time, cost, quality, and stakeholder satisfaction.
5. **Time-Related Claims**-Claims submitted due to delays in project schedule caused by factors such as late design approval, unforeseen site conditions, or changes in project scope.

6. **Cost-Related Claims**-Claims arising from additional expenses incurred by the contractor or client due to unforeseen conditions, changes in design, or errors and omissions in the contract documents.
7. **Scope Change Claims**-Claims related to modifications in the originally agreed-upon work scope, often requiring adjustments in cost, time, or resources.
8. **Dispute**-A disagreement between parties (contractor and client) regarding claims, project execution, or contractual obligations that may affect project progress and relationships.

CHAPTER 2

REVIEW OF RELATED LITERATURE

A literature review helps to establish the theoretical and empirical basis of the study, by identifying gaps in existing research, and justify the relevance of the current investigation. The purpose of this chapter is to provide a comprehensive review of existing literature related to claims management, contractor–client relationships, and project performance in construction projects.

This chapter addresses several sections. It begins with an explanation of claims in construction projects, their types, causes and effects. It then covers Claims Management and how it can be used to minimise disputes and deliver project results. The chapter then examines the characteristics of contractors-client relationships while exploring the impact of trust, communication and collaboration in project success. It also reviews the relationship between claims management, contractor–client relationships, and project performance, emphasising how effective management practices can enhance both relationship quality and project outcomes.

Identification of major challenges associated with claims management in construction projects and reviews strategies proposed in the literature for improving claims handling and strengthening contractor–client relationships aligned with summary of key findings from the literature and presenting the conceptual framework that guides the study concludes the chapter.

Construction claims are defined as claim involving a demand for cost compensation or work related to a construction project which originate from either a contractor seeking additional compensation for contract changes or a client demanding restitution for unfulfilled contractual terms. (El-Wakel, 2006). Charehzehi and Ahankoob stated that a dispute considered to exist a when a claim or assertion is made by one party is rejected by the other party and that rejection is not accepted. Conversely, incongruence among various parties in terms of their profits, requirements, and purposes can lead them to try for the accomplishment of their own goals, refer to construction dispute. Generally, dispute occurs when parties reject to deliver their duties under the contract provisions. In addition, unresolved claims inevitably develop into formal disputes when the parties fail to reach a settlement

Hewitt (1991) and FIDIC (2017) categorize construction claims into several primary groups.

1. **Extension of Time (EOT) claim**: - A contractors submit such claims when delays occur beyond their control such as late drawings, design changes, late approvals or unexpected site conditions. An approved EOT helps the contractor avoid penalties and maintains the project's approved schedule with stakeholders.
2. **Financial or additional cost claims**: - Such Claims result from price escalation, extended project duration, or additional resources required due to client-initiated scope changes. Which occur when the contractor incurs extra expenses not originally anticipated.
3. **Variation claims**, arise when the original scope of work is altered by the employer or consultant. This includes changes in approved design, materials, quantities, or construction methods. Since variations affect agreed up on cost, schedule, or both, they require formal documentation and approval.
4. **Disruption claims: -** Despite no official amendments, disruption can hinder progress of a project. Among them restricted access, delays from other contractors, or frequent interruptions stifle productivity can be grouped in to such claims in which such disruptions undermine the contractor's efficiency and inflate overall project costs.
5. **Acceleration claims: -** sometimes, the contractor is instructed or pressurized to complete the project before the agreed up on project schedule. These may be directed accelerations, formally instructed by the client, or client representative/consultant, where the contractor accelerates to avoid liquidated damages.
6. **Claims for differing site conditions**: - as the term suggests those claims occur when the actual conditions on-site differ from those indicated in the contract documents. Such as harder soil than expected or unforeseen underground utilities. Such discrepancies lead to additional work, effort, and cost.
7. **Suspension claims: -** When a client suspends work for his own reason without justification, the contractor may raise suspension claims to recover costs for idle labour, equipment, or demobilization.
8. **Breach of contract claim**: - Likewise, when either party fails to meet contractual duties and responsibilities such as delayed payment or failure to provide access the affected party may raise a breach of contract claim.

9. **Force majeure events** include natural disasters, extreme weather condition, or political disturbances. These events are not able to be controlled by anyone and sometimes justify time extensions and in some circumstances, cost compensation depending on the contract agreement entered between the parties. In extreme cases, claims may also arise when a contract is terminated, where the contractor is looking for compensation for losses incurred because of a contract's premature termination.

Another key area of good claims management practice that is important is that settling claims in a timely fashion. When problems are identified and dealt with in a timely manner, they reduce disruption to the project, uncertainty, and the build-up of unsolved problems that can result in a lack of trust. This results in greater schedule adherence, cost control and better project execution. A financial perspective of effective claims management will only consider legitimate claims that are substantiated, thus safeguarding clients against inflated costs and contractors from unfair compensation for valid losses. (Cheung & Yiu, 2006; Kululanga et al., 2001)

With good claims management practices, the likelihood of costly, time-consuming and relationship harming disputes, arbitration and litigation is reduced. A structured documentation, communication and negotiation process helps stakeholders to resolve conflicts amicably and efficiently. It also offers a benchmark for organizational learning and experimentation, since it identifies common problems that may arise, like design mistakes, coordination challenges, or delays in instructions, and thus aids in enhancing the performance of future projects. (Hewitt, 1991; Love et al., 2011).

With a solid claims management process backed up by appropriate documentation, communication, record-keeping and timely negotiation, the likelihood of formal claims is diminished. Claims that are not managed effectively can lead to misunderstandings, frustration, and strained relationships, between stakeholders, whether leading to arbitration or court action. All of the following are examples of good claims management practices that can help to minimise disputes and litigation.(Diekmann & Nelson, 1985; Cheung et al., 2006).

Effective claims management is also necessary for effective risk management and informed decision making. Claims record gives a useful overview of issues that are likely to arise again, like

design faults, late instructions and coordination issues. Such an analysis can be used to strengthen project implementation and management capability by identifying root causes of these claims in the organization process and implementing corrective actions for future projects. (Assaf et al., 2012; Love et al., 2012).

An effective claims management process increases productivity, maximises the use of resources and reduces disruption on site. This leads to more streamlined operations, better quality, and meeting time and budget goals. Which in turn, improves the project's overall performance with regard to key pillars of project success. (Jergeas & Hartman, 1994; Toor & Ogunlana, 2008).

An important advantage of a successful claims management process is the enhancement of the contractor/client relationship. Transparency and factual substantiation maintain trust and mutual respect when handled by stakeholders. This can give them the chance to work together and avoid minor disagreements becoming major arguments. (Pinto et al., 2009; Love et al., 2010)

Good claims management practice guarantees contractual compliance. Moreover, contractual compliance ensures that contracts become unambiguous and facilitates accountability, as both contractors and clients stay on track with their contractual obligations and requirements. Such a well-structured method will foster professionalism and will make certain that every stakeholder carries out projects as outlined in the contract document. (Fenn et al., 1997).

Reducing construction disputes has emerged as a primary research goal over the last decade. Researchers have consistently sought to identify the root causes of these conflicts, identifying construction claims as a principal source.

Among the many reasons the following eight factors drive the conversion of claims into formal disputes:

- Delay in interim payment approval
- Team and Teamwork qualification
- Extension of time requests
- Incomplete design drawings and Bill of quantities,
- Unclear/ambiguous contracts clauses,

- Variation/Change orders,
- Nature of cooperation and communication among project team,
- Delayed supply of equipment and materials. (Hossam H. Mohamed et al., 2014)

2.1. MEANING AND NATURE/CHARACTERISTICS OF CLAIMS MANAGEMENT PRACTICES IN CONSTRUCTION PROJECTS

The nature of claims management practice is contractual, procedural, and relational, as it involves strict compliance with contract provisions, timely communication, accurate record-keeping, and persistent communication between project stakeholders. Construction claims frequently emerge due to variations, delays, changes in scope, unforeseen site conditions, payment or cash flow issues, and contractual ambiguities. Therefore, claims management in construction projects signifies to the systematic processes and practices used to identify, record, analyse, substantiate, submit, negotiate, and resolve claims arising between contractors and clients throughout the project lifecycle (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

Poor claims management, often leads to disputes, arbitration, or litigation, affecting negatively project performance and contractor–client relationships. On the other hand, Effective claims management is characterized by transparency, early identification of potential claims, appropriate documentation, adherence to contractual clauses and procedures, and cooperative negotiation mechanisms (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

2.2. IMPORTANCE OF CLAIMS MANAGEMENT PRACTICES

Effective claims management and handling is a vital element in safeguarding the contractual rights of both contractors and clients, and ensures project continuity. An effective Claims Management process can ensure that disputes are minimised, control cost overrun and confirm adherence with schedules and will maintain the quality of the project. It also aims to foster a healthy relationship with the client through the creation of trust, fairness and open communication (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

Furthermore, effective claims management and handling improves organizational learning, risk management, and overall project governance, thus improving project performance in terms of cost,

time, quality, and stakeholder satisfaction. Appropriate management and treatment of claims reduces adversarial interactions and supports collaborative problem solving, which is essential for achieving project objectives and project success. (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

2.3. SCOPE, PROCESS, AND STAGES OF CLAIMS MANAGEMENT

Claims management process generally involves several stages: (i) identification of claim events, (ii) notification in accordance with contract general and specific clause/conditions, (iii) detailed documentation and substantiation, (iv) analysis of time and cost impacts, (v) submission and review, (vi) negotiation and settlement, and (vii) dispute resolution as required. Where the scope of claims management practice covers the entire project lifecycle, from contract formulation to project closeout consisting of claim prevention, identification, evaluation, substantiation, submission, negotiation, and resolution (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

Co-ordinating and engaging project teams, consultants and clients is required throughout all phases, which has implications for having structured procedures, competent contract administration and skilled professionals in claims handling (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

2.4. THEORETICAL BACKGROUND AND RESEARCH GAPS

2.4.1. THEORETICAL FOUNDATIONS

This research is based on two corresponding frameworks which highlight the social and transactional nature of construction projects:

Relational Contract Theory: According to this theory, developed by Ian R. Macneil (1980), a contract is not a stand-alone transaction, but is a part of ongoing social and economic interactions. For construction projects, this concept is more about the current relationship of the parties involved, rather than a literal reading of contracts and what they mean in terms of conduct and claims (Macneil, 2000; Harper et al., 2005).

Social Exchange Theory: It's written by Peter Blau (1964), and George Homans (1958) and this theory describes professional relationships as a sequence of exchanges designed to maximize benefits and minimize costs. The theory also posits a rule of reciprocity and equity that holds for contractors' and clients' behaviour which are the basis for trust and cooperative claims handling (Emerson, 1976; Cropanzano & Mitchell, 2005).

The major theoretical framework for this study was that of Relational Contract Theory (RCT). The rationale for the selection is the interaction involved in construction projects, which are not one-time transactions but continuous processes of social and economic interactions. As in developed by Macneil (1980, 2000) the focus of RCT is on the importance of contracts being linked to relationships and the importance of the quality of the relationship to the quality of claims' management and settlement. This is very similar to the study focus on claims management practices and quality in the client-contractor relationship as claims are not simply settled by a letter of the law, but by negotiation, trust and cooperation between parties.

Social Exchange Theory (SET) (Blau, 1964; Homans, 1958; Emerson, 1976; Cropanzano & Mitchell, 2005) is not adopted as the key framework since it focuses on general exchange theory and is not as relevant to the contractual and claims-specific context of construction projects. Although SET was considered for the study to complement the relational component of the research, RCT was selected as its primary focus as it focuses directly on the contractual environment, stakeholder expectation and dispute resolution mechanisms that are key to claims management.

Therefore, Relational Contract Theory was selected as the framework for the study, as it better supported the research objectives of investigating claims management practices, relationship quality and project performance in real-life situations in construction projects.

2.4.2. METHODOLOGICAL AND CONCEPTUAL GAPS

Although the above-mentioned theories have been identified as important in the construction sector, there are three major limitations in the available research on claims from construction projects:

1. **Absence of Mediating Mechanisms:** The literature lacks a critical focus on the notion of the mediating effect of contractor–client relationship quality between claims management practice and project performance. Contemporary literatures do not help to explain how administrative actions can lead to project success (Cheung et al., 2006).
2. **Isolated Analytical Models:** The existing research usually investigates claims management, relations and project performance separately. This study reveals the need for an integrated framework that simultaneously investigates the interdependencies of these constructs in a single framework. (Love et al., 2010; Narayan et al., 2024).
3. **Operationalization of claims management:** Previous researchers tend to consider claims management as an unidimensional and clearly defined task. Academic research does not provide a robust operationalisation of claims management practice as a multi-dimensional process, with clear and distinct, systematic, stages of identification, documentation, notification, evaluation, negotiation and resolution (Kululanga et al., 2001; Cinko et al., 2023).

2.4.3. RESEARCH CONTRIBUTION

The researcher observed that a lack of empirical testing of the direct and indirect relationships between systematic claims practices, relationship quality and project performance existed, resulting in an absence of a multidimensional framework. Thus, this study provides a holistic approach towards understanding effective contract administration especially in the Ethiopian construction industry setting.

2.4.4. REVIEW OF EMPIRICAL STUDIES

The literature on construction project management indicates that inefficient claim management is a significant cause of project delays, disputes, and cost overruns in construction projects. Research also reveals that projects that implement proactive claims management practices, including early warning systems, project documentation and collaborative negotiation are likely to have better relationships with their contractors and project performance (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al, 2016).

Weak contract administration and lack of skilled workers and delayed decision making have been shown in developing countries such as Ethiopia to exacerbate conflicts related to claims. However, the use of standard contract terms such as PPA and FIDIC, claims management training and dispute resolution processes make the project process smoother and reduce conflicts to a great extent. (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

2.5. CONCEPTUAL FRAMEWORK OF THE STUDY

The conceptual framework shows the logical relation between the study variables and serves as a foundation for conducting the empirical study. The study explores claims management as the independent variables that can be explained by timely claims notification, proper documentation, adherence to contract provisions, negotiation and dispute resolution mechanisms.

Project performance is considered as dependent variable and is measured through indicators such as cost performance, time performance, quality achievement, and overall project success. The quality of contractor–client relationships function as a mediating variable and is reflected through level of trust, communication effectiveness, cooperation, and conflict reduction (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

The framework presumes that effective claims management practices positively influence contractor–client relationship quality, which in turn enhances project performance and project success. On contrary it further recognizes that poor claims management practice may directly and indirectly lead to strained relationships, disputes, and reduced project performance. (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

Moreover, this relationship is influenced by moderating variables namely contract type, project size, project complexity, and client type, which may enhance or undermine the impact of claims management practices on relationship quality and project performance depending on the project context. This conceptual framework guides the formulation of research hypotheses and the interpretation of study findings (FIDIC, 2017; Hughes, Champion & Murdoch, 2015; Love et al., 2016).

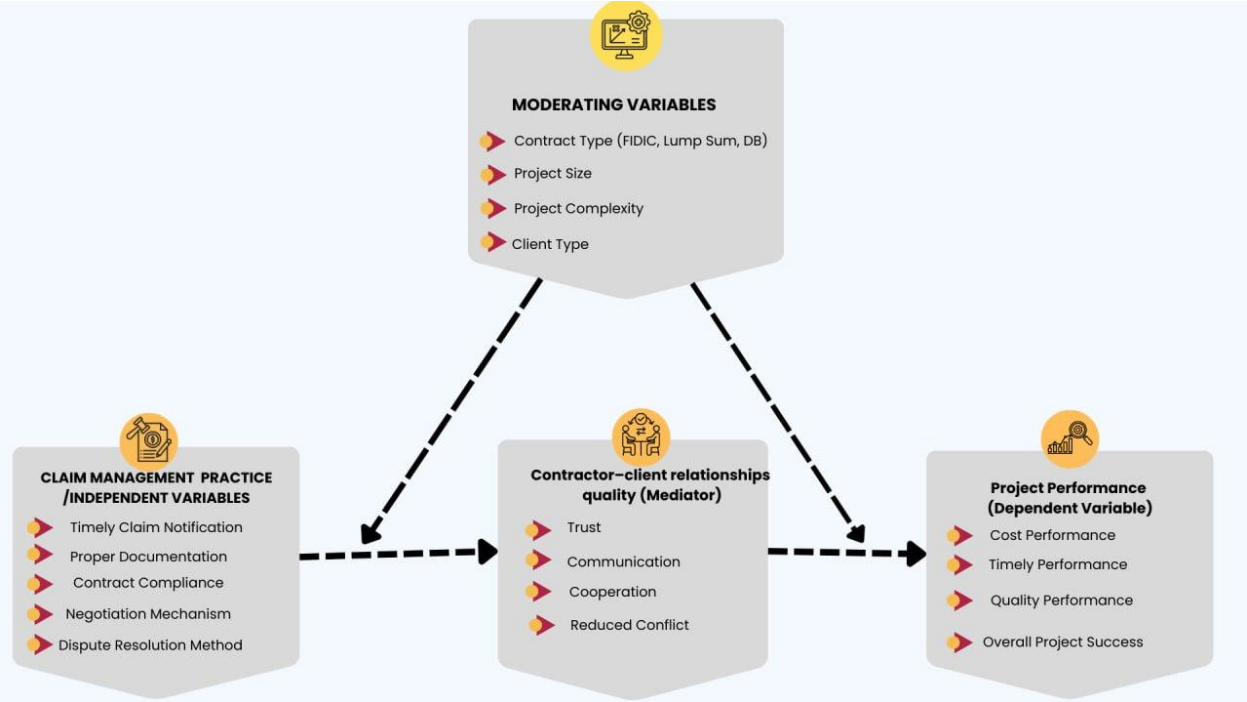


Figure 1-Conceptual Framework

The Figure demonstrates Claims management practices act as the independent variable affecting project performance both directly and indirectly through contractor–client relationship quality, which acts as a mediating variable. Specific project Contextual factors such as contract type, project size, project complexity, and client type moderate the relationship between claims management practices and both relationship quality and project performance. These moderating variables may strengthen or weaken the effectiveness of claims management practices depending on the project environment.

The selection of variables in this study was guided by both theoretical relevance and practical applicability to construction project outcomes. Claims management practices were identified as the independent variable because they represent a critical process in project delivery, directly influencing cost, time, and quality performance. Claims are almost inevitable in complex projects, and their management determines whether they escalate into disputes or are resolved fairly. The contractor–client relationship quality was introduced as a mediating variable to capture the mechanism through which claims management affects performance. Effective claims handling fosters trust, communication, and collaboration, while poor practices erode relationships and

increase the likelihood of disputes. Contextual factors—contract type, project size, project complexity, and client type—were selected as moderating variables because they define the environment in which claims management operates. These moderators explain why claims management practices may be more effective in some settings and less so in others, as risk allocation, project scale, and client characteristics significantly shape outcomes. Other potential variables, such as geographic location or contractor experience, were excluded to maintain parsimony and because their effects are indirectly captured through project size and complexity. This structure ensures a balanced, theoretically grounded, and practically relevant model.

CHAPTER THREE

RESEARCH METHODOLOGY

INTRODUCTION

This chapter mainly focuses on the research methodology used to achieve the objectives of the study, which stresses on claims management practices in building construction projects in Addis Ababa, Ethiopia. It also explains the research design, study variables, study area and target population, sampling techniques and sample size, data sources and collection instruments, data analysis methods, reliability and validity procedures, and ethical considerations.

The methodology adopted ensures that the findings are reliable, valid, and relevant for evaluating the impact of claims management practices on contractor–client relationships and project performance and project success.

3.1. RESEARCH DESIGN AND APPROACH

An explanatory and descriptive research design is used. The explanatory design examines the effect of claims management practices on contractor–client relationships and project performance while the descriptive design identifies common types, causes, and existing practices of claims management in building construction projects.

A quantitative research approach serves as the principal approach to enable objective measurement and statistical analysis of the study variables. The researcher collects finite qualitative data through open-ended questionnaire items to obtain additional professional opinions. A cross-sectional survey approach guides the data collection, and researchers collect data at one point in time from professionals taking part in active and completed construction projects in Addis Ababa in recent times.

3.2. DESCRIPTION OF STUDY VARIABLES

The study variables specifically independent, dependent, and control variables are described below:

Independent Variables (Claims Management Practices):

- Identification and notification practices claims
- Documentation and record keeping of claims
- Procedures claims evaluation and assessment
- Methods claims negotiation and settlement
- Claims submission and response timeliness

Dependent Variables:

- **Quality of contractor–client relationship**, is measured by trust, cooperation, communication, and dispute frequency
- **Project performance**, measured through indicators such as cost performance, time performance, quality achievement, and dispute occurrence

Control Variables:

- Project size and type
- Contract type
- Experience of parties involved

3.3. VARIABLES AND INDICATORS MEASUREMENT TABLE

The Table below presents the study variables and their corresponding indicators.

Variable Type	Variable	Indicators
Independent Variable	Claims Management Practices	Timely claim notification; Adequacy of documentation; Compliance with contract

		provisions; Effectiveness of negotiation; Use of dispute resolution mechanisms
Mediating Variable	Contractor–Client Relationship Quality	Level of trust; Communication effectiveness; Degree of cooperation; Frequency of conflicts
Dependent Variable	Project Performance	Cost performance; Time performance; Quality performance; Overall project success
Moderating Variables	Project Context Factors	Contract type; Project size; Project complexity; Client type

Table 1-Independent, Dependent, Mediating and Moderating Variables

3.4. DESCRIPTION OF STUDY AREA AND TARGET POPULATION

Geographical scope of the research is Addis Ababa, Ethiopia, the political and economic centre of the country, which hosts a large number of public and private building construction projects. Due to the prevalence of numerous construction projects, complex projects, multiple stakeholders, and frequent design and contract changes justifies the selection of the city.

The target population consists of key stakeholders directly involved in claims management in building construction projects, including:

- Contractors (project managers, site engineers, contract administrators, and quantity surveyors)
- Consultants (resident engineers, contract managers, and supervising engineers)
- Clients or client representatives involved in contract administration

The Researcher select these respondents due to their direct responsibilities in contract administration, claims identification, evaluation, negotiation, and settlement.

3.5. SAMPLING TECHNIQUE/METHODS AND SAMPLE SIZE

A stratified sampling technique provides fair representation of the major stakeholder groups involved in claims management, namely contractors, consultants, and clients. Each group forms a stratum, and researchers select respondents within each stratum using simple random sampling.

The sample size is determined using **Yamane's (1967) formula** for finite populations:

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

Where:

- n = sample size
- N = total accessible population
- e = margin of error (0.05)

Researchers estimate the accessible population of professionals involved in construction projects in Addis Ababa at 120.Researchers set a 95% confidence level and a 5% margin of error and calculate the sample size as follows:

$$n = \frac{120}{1+120(0.05)^2} = 92$$

Accordingly, the researcher selects 92 respondents. Researchers distribute the sample proportionally among contractors, consultants, and clients based on their relative population sizes.

3.6. DATA COLLECTION – SOURCES, TYPES, AND INSTRUMENTS

The research tests the hypotheses by developing structured questionnaire items based on the study variables and indicators. Researchers measure responses using a five-point Likert scale ranging from one (Strongly Disagree) to five (Strongly Agree).

The research uses both primary and secondary data sources.

The research collects primary data through structured questionnaires distributed to contractors, consultants, and clients. The questionnaire includes closed-ended questions measured on a five-point Likert scale and a few open-ended questions to capture additional opinions.

It obtains secondary data from relevant literature, including textbooks, journal articles, project reports, standard contract documents, and institutional publications related to construction claims management.

The structure and design of the questionnaire is based on research and corresponds to the research problems. The instrument is preceded by a pilot test to improve it.

3.7. DATA ANALYSIS – LEVEL OF ANALYSIS-MODELS, TECHNIQUES, AND SOFTWARE

The research methodology used in this research is the individual project as the unit of analysis because the phenomena of claims management, stakeholder relationships, and the outcome of performance is a phenomenon that is unique to each project environment. It also attempts to collect information from industry experts like project managers, engineers, and contract administrators. They are key informants who report on the particular dynamics of the projects which they superintend.

Within this framework, the research focuses on claim management practice as a process, not as a policy implemented in the enterprise as a whole. The framework also takes into account the quality of the contractor–client relationship as a project level construct, referring to the special interpersonal and professional relationship existing onsite. The research also evaluates based on project specific metrics including budget adherence, scheduling and standard of quality.

This method can be used to zoom in and zoom out the levels of measurement and analysis in order to reflect the complex dynamics of projects from the highest level of abstraction to the most intimate level, as experienced by the most expert members of the project involved in its execution.

The data that are collected will be coded, edited and analysed with the aid of the Statistical Package for Social Sciences (SPSS) version 27. Techniques used are:

- **Descriptive/Demographic data** (frequencies, percentages, mean scores and standard deviations) which describe respondents' profiles and claims management practices.
- **Inferential statistics** correlation and regression analysis is used to examine the relationship between claims management practices and project performance as well as contractor–client relationships
- **The mean score ranking** is used to determine the most important claims cause and management practices. Results are then presented in tables, charts and figures to elucidate and interpret the data.

The methodological decisions made in this research were influenced by the requirements to capture the complexity of the construction research project of the claims management practices and the relationship quality between contractors and clients, as well as the relationship between claims management practices and project performance. To ensure objectivity and generalizability of findings, a quantitative approach was used, which can be systematically measured on variables and statistically tested on relationships. This method is more appropriate for analysing mediation and moderation effects, which involve more complex statistical analysis, such as regression or structural equation modelling.

The use of survey questionnaires was justified as they provide an efficient means of collecting standardized data from a large sample of construction professionals. This helps to ensure that there is a range of responses, but also comparability between responses. The questions in the questionnaire were formulated by following the literature, thereby reinforcing the validity and consistency with previous studies.

Moreover, the incorporation of moderating and mediating variables in the model was substantively warranted as construction projects are set up in diverse settings and in many cases, relationship quality provides a better understanding of why claims management can affect performance. Mediation analysis is useful to uncover the mechanism, and moderation analysis is useful to identify the boundary conditions. The study uses these techniques to go beyond correlation and help gain insight into cause and effect and interaction.

In general, the selected methods are appropriate because they offer a theoretical basis, a testable approach and a framework that is rigorous and aligned with the study's goals of understanding how claims management impacts the project outcomes in a variety of contextual conditions.

3.8. RELIABILITY AND VALIDITY ANALYSIS

The reliability and validity analysis were conducted to find internal consistency of the questionnaire. The research has done reliability analysis using Cronbach Alpha. The reliability for the 41-item scale, based on the questionnaire, was very high (0.967). This consistency or reliability is an important criterion, and indicates that the items are very consistent in measuring the targeted construct, thus confirming the integrity of the data series for subsequent statistical analysis.

Reliability Statistics

Cronbach's Alpha	N of Items
.967	41

Table 2-Reliablity Statistics

Validity:

The main tests that were used to validate the integrity of the instrument and the appropriateness of the data for factor analysis were the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.869
Bartlett's Test of Sphericity	Approx. Chi-Square	2339.489
	Df	496
	Sig.	.000

Table 3- KMO and Bartlett's Test

The process starts with a data analysis to perform diagnostic checks to ensure the suitability of data for structure detection, before moving to the main analysis. The Kaiser-Meyer-Olkin (KMO) measure also yielded an acceptable value of 0.869, which is above the criterion of 0.60. The result is quite good, suggesting that the correlations are sufficiently concentrated to yield meaningful and reliable factors when applied to the claims management model.

The Chi-Square value of 2339.489 indicates that the correlation matrix and identity matrix are significantly different. This validates that the tools used to measure claims management practices and project performance are highly related.

In addition, Bartlett's Test of Sphericity is statistically significant ($X2(496) = 2339.489$, $p < .001$), which causes the null hypothesis that the variables are unrelated to be rejected. This implies that there is a great amount of common variance shared by the 41 items in the questionnaire. In total, these diagnostics, in addition to the previously-high internal consistency ($\alpha = 0.967$), offer a solid empirical base for inferential statistical analysis of the data collected.

3.9. ETHICAL CONSIDERATIONS

The data collected for the research purpose is used only for academic purposes. The process gets informed consent before data collection. It ensures confidentiality and privacy by omitting personal and organisational identifiers. Ultimately Ethical principles and guide lines are upheld throughout the entire process of data collection, data recording and report writing stages.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

The chapter offers a thorough analysis by combining the results of the desk study and questionnaire survey to gain insight into how claims administration, relationship quality and project success interact. After a systematic presentation of the empirical data, the conclusions are drawn about the impact of the quality of the contractor-client relationship at the end on the project performance. Lastly, the chapter provides a thorough overview of the key findings and deals with the methodological challenges that arose in the studies.

4.1. RESPONSE RATE AND DEMOGRAPHIC INFORMATION OF THE RESPONDENTS

One Hundred Fifteen (115) questionnaires are sent to selected contractors, consultants and clients. A total of 96 surveys were returned (which is 83.5% of the 115 that were sent out). The research team reviews responses for completeness and analyses 91 surveys. This gives an effective return rate of 79.1%, which gives a solid basis for the findings.

Thus, the information gathered is adequate to be analysed and interpreted in subsequent parts of the study.

The analysis compares the demographic profiles of the participants in order to provide a strong context for the research findings. It explores factors such as organizational type, education, current position, years of experience in the industry and type of projects undertaken. This process allows the diversity and complete representation of the sample to be represented as fully as possible.

As seen from the results, the majority of the sample are the contractors, which is typical of the construction industry. The educational profile indicates the same distribution between BSc and MSc holders, indicating a high level of technical skills among participants. An important segment of respondents is they are directly related to claims administration and performance monitoring, such as site engineer, office engineer or project managers. In addition, the majority of respondents have 5–10 years of experience and 65% are primarily involved in building projects. The fact that

the building sector accounted for the majority of construction claims in Addis Ababa makes the alignment of this population is very useful in terms of reliability and relevance of data and thus serves as a valid basis for the further analysis.

Type_of_projects_involved

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Building	60	65.9	65.9	65.9
	Road Infrastructure		14.3	14.3	80.2
	Water Works Infrastructure	16	17.6	17.6	97.8
	Other	2	2.2	2.2	100.0
	Total	91	100.0	100.0	

Years_of_experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5	22	24.2	24.2	24.2
	5–10	42	46.2	46.2	70.3
	11–15	14	15.4	15.4	85.7
	Above 15	13	14.3	14.3	100.0
	Total	91	100.0	100.0	

Table 4-Type of project involved and years of experience

To examine whether respondents' demographic characteristics (type of organization they are working Contractor, Client or Consultant) a one-way ANOVA analysis were conducted to check the influence perceptions of Claims Management Practices. The results revealed that there is no statistically significant difference among the respondent's groups ($F = 0.036$, $p = 0.965$). This verifies that perceptions of claims management practices are consistent across different respondent groups, showing that demographic characteristics do not significantly influence views on claims management practices in this research. Signifying that respondents' background characteristics do not significantly influence their evaluation of claims management practices.

ANOVA

CMP_mean

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.044	2	.022	.036	.965
Within Groups	53.609	88	.609		
Total	53.652	90			

Table 5-Type of organization (Contractor, Client or Consultant) vs. perceptions of Claims Management Practices

Similarly, to examine whether respondents' demographic characteristics (Years of professional experience) influence on perceptions of Claims Management Practices A one-way ANOVA was conducted again showing no statistically significant differences among the groups (F = 0.915, p = 0.437) indicating that perceptions of claims management practices are consistent across professional years of experience.

ANOVA

CMP_mean

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.641	3	.547	.915	.437
Within Groups	52.011	87	.598		
Total	53.652	90			

Table 6-Years of professional Experience vs. perceptions of Claims Management Practices

A one-way ANOVA analysis between Project Performance across type of organisation they involved resulted **F (2.88) = 0.069**, p **= 0.934.** Since the p-value (0.934) which is much greater than the significance level of 0.05, showing there is no statistically significance. Showing that project performance and organisational background is very small and insignificant resulting consistency of project performance across organisational involvement.

ANOVA

PP_mean

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.109	2	.054	.069	.934
Within Groups	69.900	88	.794		
Total	70.008	90			

Table 7-Organizational background vs Project performance

The cross-tabulation between type of organization (Consultant, Client and Contractor) and type of projects (Building Road Infrastructure Water Works Infrastructure) involved shows that contractors constitute the majority of respondents (83.5%), reflecting their dominant role in the construction industry. Building projects account for the highest share of project involvement (65.9%) across all organizational types.

Type_of_organization * Type_of_projects_involved Crosstabulation

			Type_of_projects_involved				
			Building	Road Infrastructure	Water Works Infrastructure	Other	Total
Type_of_organization	Contractor	Count	49	10	15	2	76
		% within Type_of_organization	64.5%	13.2%	19.7%	2.6%	100.0%
		% within Type_of_projects_involved	81.7%	76.9%	93.8%	100.0%	83.5%
	Client	Count	6	2	1	0	9
		% within Type_of_organization	66.7%	22.2%	11.1%	0.0%	100.0%
		% within Type_of_projects_involved	10.0%	15.4%	6.3%	0.0%	9.9%
	Consultant	Count	5	1	0	0	6
		% within Type_of_organization	83.3%	16.7%	0.0%	0.0%	100.0%

	% within Type_of_projects_involved	8.3%	7.7%	0.0%	0.0%	6.6%
Total	Count	60	13	16	2	91
	% within Type_of_organization	65.9%	14.3%	17.6%	2.2%	100.0%
	% within Type_of_projects_involved	100.0%	100.0%	100.0%	100.0%	100.0%

Table 8- The cross-tabulation between type of organization (Consultant, Client and Contractor) and type of projects (Building Road Infrastructure Water Works Infrastructure)

In this study, to reflect the characteristics of the target population samples are selected which are relevant to the research objectives. Samples selected from different relevant groups to improve variability and decrease selection bias. Nevertheless, the representativeness of the sample is dependent on the sampling method employed and the accessibility of respondents. Having a sample size (n = 91) is moderate, it provides an acceptable basis for statistical analysis, but the results should still be interpreted with caution when generalizing to the wider population. Therefore, the study faces limitation while the sample offers useful insights into the study context, the results may not fully characterise all members of the broader population due to conceivable limitations in coverage and sampling constraints.

The construction industry predominantly focused on toward execution and operations; a major portion of professional involvement comes from contractors. Consequently, the sample easily captures those parties, strengthening their preponderance in the dataset. Their regular participation in project execution positions make them at the front of claims analysis, where they directly experience disputes and contractual challenges. This repeated involvement makes contractors susceptible to emphasize process inefficiencies in claims management procedures more strongly than clients or consultants. Therefore, the predominance of contractors within the sample is normal due to execution and operation-oriented nature of the construction industry, which mainly resides on the contractor.

4.2. DESCRIPTIVE STATISTICS

4.2.1. FREQUENCY DISTRIBUTION, AVERAGE (MEAN, MODE, MEDIAN), SD

The descriptive analysis section deals with an overview of respondent perceptions towards claims management and its related impacts. The mean scores for most variables range between **3.00 and 3.99**, conveying that respondents generally perceive these factors as having a moderate to high influence on the study variables.

High and Low Impact Variables (Means>3.70)

The results show that there is a significant contribution of the claims management practices to project success, and there are a number of areas that are doing well. The respondents were unanimous that a streamlined claims handling process effectively decreases project delays (Mean = 3.99), a well-managed claims process increases quality and satisfaction levels of stakeholders (Mean = 3.91), and collaborative negotiation increases understanding between contractors and clients (Mean = 3.90). Other strengths identified were prompt resolution of claims (Mean = 3.89) and proper documentation of agreements (Mean = 3.88). These findings corroborate studies, which have found that good claims management can help to minimize disputes, delays, and cooperation amongst stakeholders. (Abdelalima et al., 2025)

Despite the strengths, some weaknesses were noted. Digital tools in claims management had the lowest rating (Mean = 2.51), suggesting that it is still a manual process. The low level of technology uptake indicates ICT integration and resistance to change problems. The literature emphasizes how digital innovations such as BIM, blockchain, and smart contracts are becoming crucial in today's claims management and dispute resolution context . Additionally, financial evaluation of claims was found to be weak (Mean = 2.92), showing that there were difficulties in assessing economic impacts, delayed claim settlement (Mean = 2.99), slow decision making (Mean = 3.01), and inadequate training (Mean = 3.13) that further hindered efficiency. The findings come on the heels of calls for structured organizational approaches that would allow for better systematic handling of claims, for instance by implementing Claim Management Offices (CMOs). (Mirzaee et al., 2023)

Level of contract–client relationship quality was moderate (Mean = 3.44), indicating there was an acceptable contract–client communication, trust and cooperation. This confirms that the structured

relationship management is crucial in delivering successful projects (Rahmani, Tadayon, & van der Walt, 2025). Finally, the mean score for project performance recorded the highest score (Mean = 3.61), which means that effective claims management is related directly to improved cost control, timely completion and improved quality.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CMP_mean	91	1.00	4.90	3.3569	.77210
CCRS_mn	91	1.00	5.00	3.4407	.84643
PP_mean	91	1.00	5.00	3.6142	.88197
Valid N (listwise)	91				

Table 9- Descriptive Statistics/Aggregate Bases

Category	Item Code	Description	Mean	Std. Deviation	Interpretation	Implication
Strong Area	TP1	Efficient claims handling contributes to reduced project delays.	3.99	1.188	High	These results indicate that effective claims handling practices highly contribute positively to project time performance, quality improvement, and stakeholder relationships.
	QP6	Handling claims correctly enhances the quality of the work.	3.91	1.235		
	CN11	Collaborative negotiation of claims contributes to mutual understanding.	3.9	1.001		
	TP2	Prompt claims resolution enhances project performance.	3.89	1.11		
	CR17	Project teams properly document and implement final agreements.	3.88	1.009		

Table 10-Variables contributing to effective clams handling

Category	Item Code	Description	Mean	Std. Deviation	Interpretation	Implication
Weak Area/Areas Requiring Improvement	GP22	Claims are managed using digital tools or systems.	2.51	1.079	Moderate to Low	The findings suggest the need to enhance digitalization, staff capacity building, communication, and timely decision-making to
	CP5	Project teams properly assess and manage the financial impacts of claims.	2.92	1.195	Moderate	

	CR15	Project teams promptly and effectively settle claims within a reasonable time.	2.99	1.178		strengthen claims management performance.
	TP3	Claims-related decisions are made without unnecessary delays	3.01	1.049		
	GP20	The organization provides training on claims management practices.	3.13	1.108		
	CN7	Information in claim notifications (cause, impact, and contractual basis) is clear and accurate.	3.15	1.105		

Table 11- Weak Area/Areas Requiring Improvement

4.3. CORRELATION ANALYSIS (TESTS)

To test a null hypothesis that claims management practices do not significantly affect contractor–client relationships the study conducted a Pearson correlation analysis.

Correlations

		CMP_mean	CCRS_mean	PP_mean
CMP_mean	Pearson Correlation	1	.747**	.611**
	Sig. (2-tailed)		.000	.000
	N	91	91	91
CCRS_mean	Pearson Correlation	.747**	1	.566**
	Sig. (2-tailed)	.000		.000
	N	91	91	91

PP_mean	Pearson Correlation	.611**	.566**	1
	Sig. (2-tailed)	.000	.000	
	N	91	91	91

**. Correlation is significant at the 0.01 level (2-tailed).

Table 12- Correlations Analysis

The correlation analysis indicated statistically significant positive relationships among Claims Management Practices (CMP), Contractor–Client Relationship Quality (CCRS), and Project Performance (PP). Claims Management Practices indicated a strong positive correlation with Contractor–Client Relationship Quality ($r = 0.747$, $p < 0.01$), indicating that better claims management practices are related with improved trust, communication, cooperation, and reduced conflicts between contractors and clients. Likewise, Claims Management Practices had a moderate positive relationship with Project Performance ($r = 0.611$, $p < 0.01$), while Contractor–Client Relationship Quality was moderately positively correlated with Project Performance ($r = 0.566$, $p < 0.01$). These results propose that improvements in claims management and contractor–client relationships are associated with healthier project outcomes in terms of cost, time, quality, and inclusive project success.

The results explained strong association between CMP and CCRS by the co-operative nature of construction projects, where effective communication, timely claim handling, and fair negotiation processes helps to strengthen trust and cooperation among project stakeholders. Similarly, effective contractor–client relationships may also plays a significant role to smoother project execution and improved project performance.

Correlation analysis only indicates the existence and direction of associations between variables and does not suggest causal relationships. Therefore, the results cannot verify that one variable directly causes changes in another variable.

To check whether independent variables ((CMP) and Contractor–Client Relationship Quality (CCRS)) in a regression model are excessively correlated the study employed multicollinearity analysis. High multicollinearity can make it difficult to estimate the individual effect of each independent variable on the dependent variable and it may distort regression coefficients, decrease the reliability of the model, and result in unstable statistical results.

The conducted Multicollinearity diagnostics revealed that tolerance values for CMP and CCRS were 0.442, which are above the recommended threshold of 0.10, while the VIF values were 2.260, which are lower than the threshold of 10. This concludes that multicollinearity was not a serious concern in the study.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.094	.337		3.246	.002		
	CMP_mean	.486	.142	.426	3.428	.001	.442	2.260
	CCRS_mn	.258	.129	.248	1.998	.049	.442	2.260

a. Dependent Variable: PP_mean

Table 13-Multicolliniarity Analysis results

The direct relationship between Claims Management Practices and Project Performance suggests that effectively handling and managing claims contributes to improved project outcomes in terms of the three pillars (cost, time, and quality performance). These results are highly consistent with prior studies, which reported that timely claim resolution, proper documentation, and effective negotiation reduce disputes and minimize project delays in construction projects. The also explained the collaborative and contractual nature of construction projects, where effective claims management enhances coordination and decision-making among project stakeholders.

4.4. REGRESSION ANALYSIS (TESTS)

The research employed multiple regression analysis to assess the impact of Claims Management Practices (CMP), Contractor–Client Relationship Quality (CCRS), project size, contract form, and client type on project performance. The model summary results showed an R-value of 0.665, representing a moderate positive relationship between the independent variables and project performance. The coefficient of determination resulted ($R^2 = 0.442$) indicates that the variables included in the model jointly explain approximately 44.2% of the variation in project performance. While the adjusted R^2 value of 0.409 shows that after controlling for the model express the number

of predictors, about 40.9% of the variance in project performance. The estimated standard error of 0.67807 is indicated a moderate level of prediction error.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.665[a]	.442	.409	.67807

a. Predictors: (Constant), Clnt_Ty, CCRS_mn, Contract_forms, Project_Size, CMP_mean

Table 14-Model summary for Regression

The ANOVA results further exhibited that the regression model was statistically significant ($F = 13.453$, $p < 0.001$). This result suggests that the combined effect of CMP, CCRS, project size, contract form, and client type significantly contributes to explaining variations in project performance.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.927	5	6.185	13.453	.000[b]
	Residual	39.081	85	.460		
	Total	70.008	90			

a. Dependent Variable: PP_mean

b. Predictors: (Constant), Clnt_Ty, CCRS_mn, Contract_forms, Project_Size, CMP_mean

Table 15-ANOVA Analysis result for regression

Approximately 55.8% of the variation in project performance remains unexplained in the analysis results, which suggest that other factors such as leadership efficiency, financial capability, organizational culture, stakeholder commitment, and external environmental conditions may also influence project success.

Construction project environments are complex, and many factors are involved, which only partially can be captured in this model. Future research should include more factors such as managerial, organizational and environmental factors to increase the overall explanatory value and comprehensiveness of the regression model.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.236	.566		2.186	.032		
	CMP_mean	.388	.149	.339	2.606	.011	.387	2.582
	CCRS_mn	.286	.128	.274	2.229	.028	.433	2.307
	Contract_forms	-.214	.160	-.115	-1.342	.183	.897	1.114
	Project_Size	.164	.107	.167	1.539	.127	.559	1.790
	Clnt_Ty	-.107	.134	-.080	-.802	.425	.663	1.509

a. Dependent Variable: PP_mean

The multiple regression analysis revealed that Claims Management Practices (CMP_mean) and Contractor–Client Relationship Quality (CCRS_mn) were the most significant positive variables predicting project performance, suggesting that good relationship management and an effective claims management process are associated with better project performance.

However, contract forms and project size and client type did not prove to be statistically significant predictors, and therefore, were not found to have an impact on project performance in this study. In general, the results show that the contextual variables in the model have less impact than managerial and relational variables on project performance.

4.4.1. MEDIATION ANALYSIS

This section of the study summarizes the results of mediation analysis performed using Hayes' (2022) PROCESS Macro (Model 4). The analysis was directed to determine if Contractor–Client Relationship Quality (CCRS) was a mediator between Claims Management Practices (CMP) and Project Performance (PP).

A bootstrapping procedure (5,000 resamples) is used to test the mediation hypothesis in the sudsy.

Indirect Effect Results:

- **Effect Size:** 0.2115
- **95% Confidence Interval:** [-0.0057, 0.4022]

The mediation analysis attempts to explore the possibility of a mediation chain that Contractor Claims Management Practice (CMP) indirectly affects Project Performance (PP) by acting as a mediator in the relationship between Contractor–Client Relationship Quality (CCRS). The statistical results indicated that a mixed pattern of relationships. Showing all direct paths (CMP → CCRS, CCRS → PP, and CMP → PP) are significant, the bootstrapped indirect effect is not significant since the confidence interval includes zero. The result has conceptual and theoretical implications different from statistical reporting.

From a standard mediation perspective Baron & Kenny framework and modern bootstrapping approaches (e.g., PROCESS) are utilized. In addition to obtain a statistically significant indirect effect significant individual paths are required for mediation.

Although both Condition 1 (CMP → CCRS) and Condition 2 (CCRS → PP) are satisfied and Condition 3 (CMP → PP) also has a significant direct effect, the indirect effect (Condition 4: CMP → PP) is not supported.

The empirical evidence shows that CCRS is not a mediating factor between claims management and project performance.

Theoretical importance of the Non-Significant Mediation

The absence of a significant indirect effect confirms that Contractor–Client Relationship Quality does not work as a mediator between claims management practice and project performance. Rather, it seems that CMP has a direct influence on the outcomes of the project without involving relational aspects.This challenges the initial conceptual model, which the study assumed that improvements in claims handling process would enhance relational dynamics, which in turn would translate into improved project performance outcomes.

Therefor this concludes that relationship quality between contractor and client, although important in construction environments, does not operate as an explanatory bridge in this context.

In spite of strong individual relationships is theoretically meaningful, several contextual and methodological considerations could explain the failure of mediation:-

1. **Dominance Procedural work flow over Relational Mechanisms**

In many construction project environments, **procedural and technical efficiency** are driving force for project performance, rather than relational factors. Claims management practices are able to reduce delays, cost overruns, and disputes directly through formal contractual mechanisms. In such circumstances, performance gains are achieved operationally rather than relationally, weakening the mediating role of CCRS.

2. **Appearance of CCRS as a Parallel Outcome Rather than a Mechanism**

Although CMP significantly influenced CCRS, it may characterise a **parallel dependent outcome rather than an intervening variable**. Specifically, claims management simultaneously improves relationships and performance independently, rather than improving performance through relationships. Showing a **non-sequential causal structure**, where CCRS and PP are co-outcomes of CMP rather than causally linked in a chain.

3. **Contextual Constraints in Contractor–Client Relationships**

Relational quality may not have the same impact on performance outcomes in construction projects, as a result of formal contracts (General and Specific Clauses), regulations, and institutional controls that regulate relationships between clients and contractors. Although when CCRS improves, it may not be much stronger to affect cost, time, or quality performance, when contractual and technical systems dominate decision making.

4. **Measurement and Aggregation Limitations**

Another potential constraint is measurement-based. The dynamic, process-based nature of relationships during claims negotiation and resolution may not be reflected in aggregated measures of CCRS. Measuring relationship quality as a snapshot, not as one of the variables that change over time, could statistically decrease its ability to mediate.

5. Existence of omitted Variables and Model Specification

The mediation model may be an under-specified model. Other variables such as dispute resolution effectiveness, project governance or contractual flexibility could be mediators that occur in a more direct manner. Since these variables are not included, the mediation structure may be incomplete and CCRS will look as though it is not mediating.

```
Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .7467      .5575      .3206   112.1422     1.0000    89.0000      .0000

Model
              coeff         se          t          p       LLCI       ULCI
constant      .6929      .2662     2.6030      .0108      .1640     1.2218
CMP_mean      .8186      .0773    10.5897      .0000      .6650      .9721

**************************************************************************

OUTCOME VARIABLE:
 PP_mean

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .6325      .4001      .4773    29.3441     2.0000    88.0000      .0000

Model
              coeff         se          t          p       LLCI       ULCI
constant     1.0936      .3369     3.2459      .0017      .4240     1.7632
CMP_mean      .4861      .1418     3.4281      .0009      .2043      .7678
CCRS_mn       .2584      .1293     1.9976      .0489      .0013      .5154


****************** DIRECT AND INDIRECT EFFECTS OF X ON Y ******************

Direct effect of X on Y
     Effect         se          t          p       LLCI       ULCI
      .4861      .1418     3.4281      .0009      .2043      .7678

Indirect effect(s) of X on Y:
            Effect     BootSE   BootLLCI   BootULCI
CCRS_mn      .2115      .1033     -.0057      .4022
```

Table 16-Mediation Analysis

The Moderation Analysis

In this study, the moderation analysis was used to investigate the moderating effect of Contractor–Client Relationship Quality (CCRS) between Claims Management Practices (CMP) and Project Performance (PP). The interaction effect between CMP and CCRS was found to be statistically non-significant at the conventional 5% level of significant (β = -0.1481, p = 0.0543). The moderation hypothesis was not supported as the interaction term shows some approach to significance but the p-value was larger than the 0.05 threshold of significance.

```
Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .6521      .4252      .4625    21.4549     3.0000    87.0000      .0000

Model
              coeff         se          t          p       LLCI       ULCI
constant     -.2765      .7767     -.3560      .7227    -1.8204     1.2673
CMP_mean      .9569      .2788     3.4320      .0009      .4027     1.5111
CCRS_mn       .7152      .2665     2.6831      .0087      .1854     1.2449
Int_1        -.1481      .0759    -1.9508      .0543     -.2990      .0028

Product terms key:
 Int_1    :        CMP_mean x        CCRS_mn

Test(s) of highest order unconditional interaction(s):
       R2-chng          F        df1        df2          p
X*W      .0251     3.8055     1.0000    87.0000      .0543
----------
    Focal predict: CMP_mean (X)
          Mod var: CCRS_mn  (W)

Conditional effects of the focal predictor at values of the moderator(s):

    CCRS_mn     Effect         se          t          p       LLCI       ULCI
     2.6000      .5718      .1463     3.9075      .0002      .2810      .8627
     3.5000      .4385      .1417     3.0949      .0026      .1569      .7202
     4.2000      .3348      .1597     2.0973      .0389      .0175      .6522

************************ ANALYSIS NOTES AND ERRORS ************************
```

Table 17-The Moderation Analysis

The findings show that the positive impact of claims management practices on project performance was not significantly different at various levels of contractor–client relationship quality. In very broad terms, CMP's contribution to project performance is relatively constant across a range of

CCRS. But failing to ensure the interpretation does not imply that claims management is effective in all project situations. Instead, the results provide only partial evidence of the moderating effect of CCRS.

The independent contribution of these two variables, CMP and CCRS, to project performance was important and positive, indicating that their improvements to project performance complement one another. However, the lack of a statistically significant interaction effect suggests that CCRS has no significant effect in enhancing or attenuating the association between CMP and PP in the current study context.

However, methodological limitations should be drawn to the reader's attention when interpreting the results. Because the sample size was relatively small (N = 91), it may have limited the power needed to detect interaction effects, which are not inherently easy to detect as compared to direct effects. This may partly be due to a lack of statistical power, and not a lack of contextual influence.

Generally, the moderation analysis does not provide sufficient empirical evidence to conclude that contractor–client relationship quality significantly moderates the relationship between claims management practices and project performance. Future studies with larger samples and additional contextual variables may provide clearer evidence regarding potential moderation effects in construction project environments.

In addition, while analysing the modelled conceptual framework despite the clear direct impact of CMP, the data does not support the hypothesized moderating effects in which certain conditions strengthen or weaken that impact.

- **Contractual Variables:** Both **contract form** and **contract type** presented no significant interaction with CMP. The legal or financial structure of the contract does not change the connection between claims management and project success.

- **Structural Variables: Client type** and **project size** showed only slight interactions (significant at the 10% level, but failing the standard 5% threshold). These results show only weak, inconclusive evidence that the project's scale or the nature of the client influences the effectiveness of claims management.

The consistency of the results under diverse project conditions brings some valuable academic and practical conclusions:

1. **Universality of CMP**: Claims management is a "strong and consistent" managerial tool. It is not dependent on project size or the type of client.
2. **Internal VS. External Factors**: Results illustrated that internal managerial abilities like the exactness, rate and precision of the claims procedure have much bigger effect on project success than do external structural constraints.
3. **Constancy in performance:** Effective claims handling processes provide benefits in all projects, both mega and small, and in both public and private projects.
4. Moderating effect cannot be confirmed in the slight variations in the size of the project and the type of client. Finally, this study supports Claims Management as an independent prime project success determinant regardless of the project environment.

4.4.2. DIAGNOSIS TESTS (ASSUMPTION OF TESTS)

This section tries to deal the results of the simple linear regression analysis conducted to assess the impact of Claims Management Practices (CMP) on Project Performance (PP).

Model Fit and Statistical Significance (ANOVA)

The overall significance of the regression model is determined by the ANOVA results in SPSS. Results of the analysis show that the model is statistically significant which means that the model has a good fit to the data ($F(1, 89) = 52.920$, $p < 0.001$).

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.105	1	26.105	52.920	.000[b]
	Residual	43.903	89	.493		
	Total	70.008	90			

a. Dependent Variable: PP_mean

b. Predictors: (Constant), CMP_mean

Table 18- Model Fit and Statistical Significance (ANOVA)

The Regression Sum of Squares (26.105) indicates the variance in project performance attributable to claims management, and the Residual Sum of Squares (43.903) shows the variance in project performance which is not explained by claims management. The F value that is significantly indicates that Claims Management Practices are valid and statistically reliable predictors of Project Performance.

Analysis of Regression Coefficients

The coefficient analysis gives a detailed description of the direction and strength of the relationship between two variables. The results are summarized below: -

- **Predictive Power**: The unstandardized coefficient (B = 0.698) indicates that the project performance will increase by about 0.698 units for every unit change in claims management practices.
- **Strength of Relationship**: The standardized coefficient (β= 0.611) shows a strong, positive correlation. This implies that CMP is a significant contributor to project performance.
- **Statistical Reliability**: The t-value is 7.275, and the p-value is < 0.001, indicating strong statistical reliability of the results, which is highly improbable to have occurred by chance considering the relationship shown.

The Regression Equation

The predictive model shows the relationship between the variables.

PPmean = 1.273 + 0.698(CMPmean)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.273	.330		3.854	.000
	CMP_mean	.698	.096	.611	7.275	.000

a. Dependent Variable: PP_mean

Table 19- Regression Equation Coefficients

This equation predicts that at the baseline level (CMP = zero) the performance of the project begins at 1.273, but the focus is on the 0.698 growth rate that derives from claims management.

The practical research proves that Claims Management Practices are a crucial factor in the success of a project. Organizations that are more likely to have systematic claims recording, structured handling and efficient claim resolution mechanisms are also much more likely to have construction projects with good performance. This finding reinforces the need for formalised claims management to be part and parcel of project management.

Normality Test, Linearity, Homoscedasticity, Multi-Collinearity Tests

Regression

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.611[a]	.373	.366	.70235

a. Predictors: (Constant), CMP_mean
b. Dependent Variable: PP_mean

Table 20-Regression Model Summary

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.9701	4.6939	3.6142	.53857	91
Residual	-2.08569	1.36553	.00000	.69844	91

Std. Predicted Value	-3.053	2.005	.000	1.000	91
Std. Residual	-2.970	1.944	.000	.994	91

a. Dependent Variable: PP_mean

Table 21-Residuals Statistics

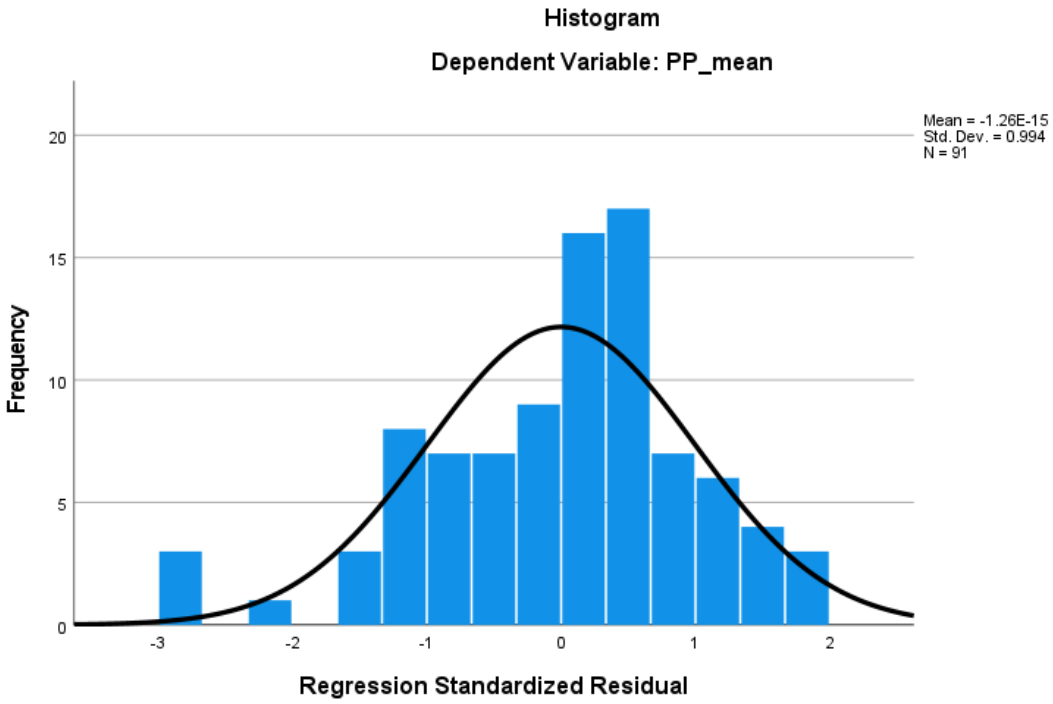


Figure 2-Histogram

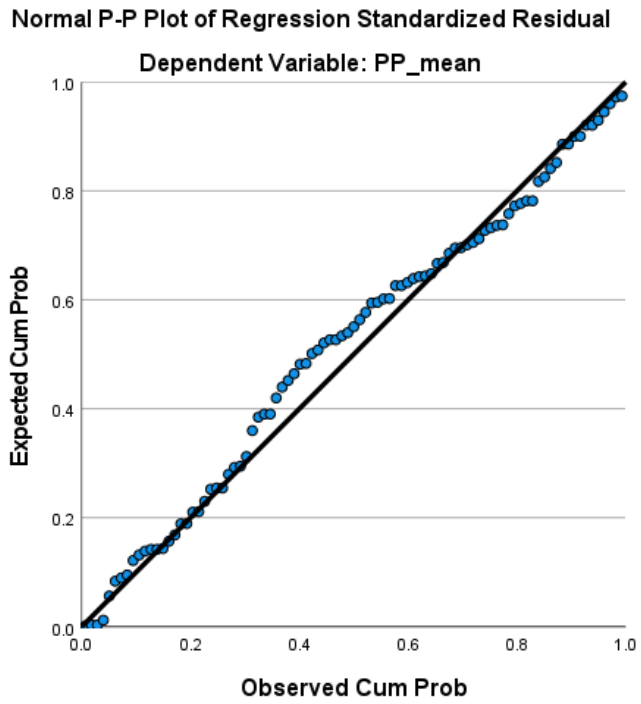


Figure 3-Normal P-P Plot of Regression

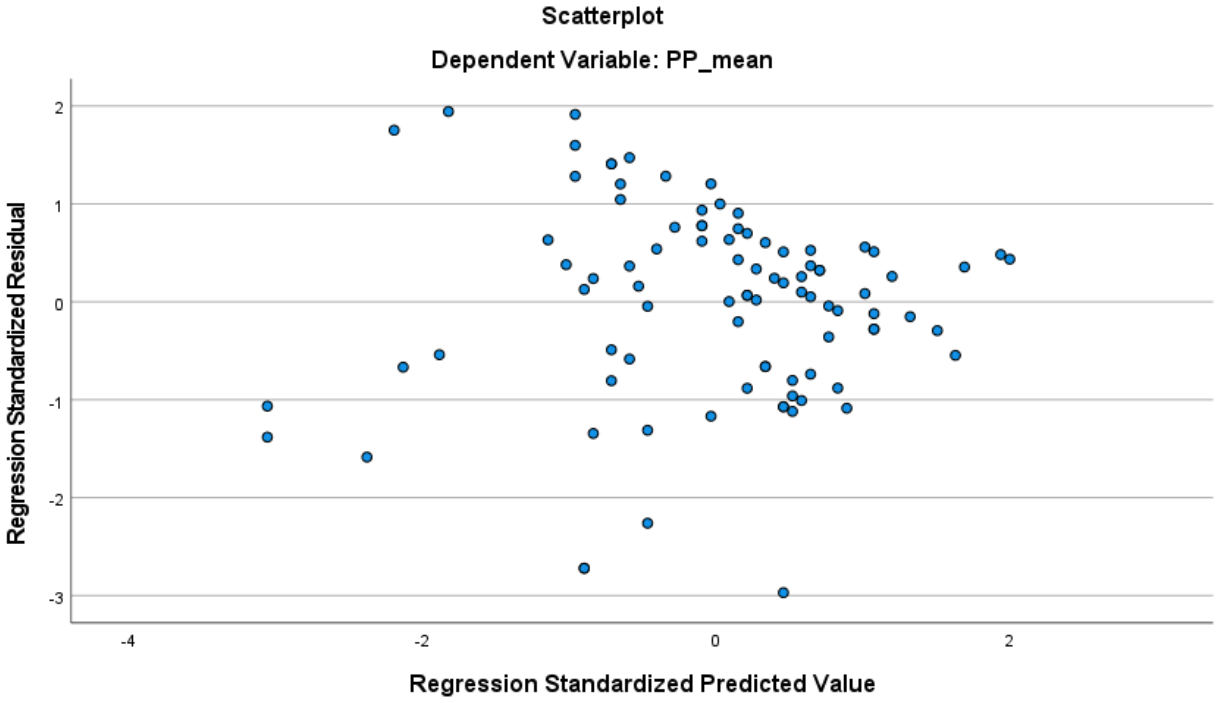


Figure 4-Scatterplot

The main objective of this research was to evaluate the impact of Claims Management Practices (CMP) on Project Performance (PP). Empirical results from the regression analysis are a clear empirical proof of the main hypothesis of the study.

Explanatory Power and Model Fit.

The model summary shows that there is a positive correlation between the variables (R = 0.611). The Coefficient of Determination (R2 = 0.373) shows that claims management practices count for 37.3% of the variance in project performance. The remaining 62.7% of the variance is due to variables not included in the model, but the adjusted R2 value (0.366) indicates stability and strength of the model. On the other hand, from the ANOVA results ($F(1.89) = 52.920$, $p<0.001$), it can be seen that CMP is the predictor that is statistically significant and reliable in predicting project success.

Direct Impact and Practical Implications

The coefficient analysis results a significant positive effect ($\beta = 0.611$, $p < 0.001$). In particular, the unstandardized coefficient (B = 0.698) implies that an increase of one unit in claims management efficiency corresponds to an increase of 0.7 units in project performance.

The above statistics highlight the importance of:

- Excellent documentation and contract management.
- Timely and organised dispute resolution.
- Professionalized claims-handling procedures.

Statistical Validity and Diagnostics

The study performed set of analytic tests to ensure the integrity of results based on the assumption of linear regression:

- **Normality:** Analysis of the histogram and Normal P-P Plot showed that residuals were approximately normally distributed.

- **Linearity and Homoscedasticity:** The scatterplot of standardized residuals exhibited a random distribution, showing that the relationship is linear and the error variance is consistent.
- **Outliers:** Standardized residuals were limited within the acceptable range of **-2.970 to 1.944** (well within the ±3 threshold), indicating that no extreme outliers biased the results.
- **Multi-collinearity:** As this was a simple linear regression with a single independent variable, multi-collinearity issues were fundamentally absent.

To check whether data sets are **normally distributed**, the Kolmogorov–Smirnov and **Shapiro–Wilk test** is applied. The results were important (K–S p = 0.029; Shapiro–Wilk p = 0.019), indicating minor deviation from normality. However, pictorial inspection of the histogram and normal probability plot showed no severe abnormalities. Therefore, considering the moderate sample size (N = 91), the regression analysis was considered sufficiently strong for further analysis.

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.099	91	.029	.966	91	.019

a. Lilliefors Significance Correction

Table 22- The Shapiro–Wilk test result

The results indicate that Claims Management Practices are a key enabler for the success of construction projects. These practices can be enhanced to deliver better cost control, a more efficient resolution and claims handling process, and more constructive client-contractor relations.

Finally, the study concludes that claims management is not just a legal and administrative requirement, but a tool of the manager that directly influences the success or failure of the construction project. Therefore, one of the top recommendations of industry experts is to strengthen the systems and protocols for documentation of the processes and resolution.

4.5. Results and Discussion

4.5.1. Descriptive Results

A total of 91 questionnaires were filled out for a 79.1% effective response rate. A majority of respondents were contractors (83.5%) and most of these worked primarily on building projects (65.9%) with the average number of years in their profession experience is 5 to 10 years. ANOVA results revealed that there was no significant difference across organizational type or years of experience, suggesting consistency among respondents in their perceptions of Claims Management Practices (CMP).

Using descriptive statistics, it was found that:

- The level of implementation of Claims Management Practices (CMP) was at a moderate level (Mean = 3.36, SD = 0.77).
- The moderate to high level (Mean = 3.44, SD = 0.85) was observed for Contractor–Client Relationship Quality (CCRQ).
- Project Performance (PP) was the highest with a mean of 3.61 and an SD of 0.88.

Strong areas were identified as successful claims handling that led to a reduction in delays, improving quality and increasing understanding of the stakeholders. The weaknesses were: the use of digital tools was limited; the claims were not settled on time and financial evaluation of claims were weak.

4.5.2. Reliability and Validity

The study showed that the measurement instruments and regression model used were reliable and valid. Moderate consistency between respondents was shown by standard deviations.

Diagnostic tests confirmed:

- The residuals were near normal distribution.
- Assumptions of linearity and homoscedasticity were met.
- No outliers were found that would pose a significant challenge.

- The tolerance values were greater than 0.10 and VIF values were lower than 10 with no concern of multicollinearity.

The overall regression assumptions were fairly met and the analysis could be interpreted.

4.5.3. Inferential Analysis

The study variables showed high positive values of the correlation coefficient in the following manner:

- CMP and CCRQ ($r = 0.747$, $p < 0.01$)
- CMP and PP ($r = 0.611$, $p < 0.01$)
- CCRQ and PP ($r = 0.566$, $p < 0.01$)

A regression analysis revealed that:

- CMP and CCRQ significantly and positively influenced Project Performance.
- The model of regression accounted for 44.2% of the variability in project performance ($R^2 = 0.442$).
- The variation in project performance was accounted for by 37.3% by CMP alone.

The regression equation was:

$$PP=1.273+0.698(CMP)$$

Through mediation analysis, it was found that Contractor–Client Relationship Quality was not a significant mediator between CMP and Project Performance. Moderation analysis was also conducted and found no moderation effect.

4.5.4. Discussion

The findings show that Claims Management Practices (CMP) application has a great impact on Project Performance (PP) in construction projects. This result is analogous to the previous studies where poor claims handling was found to be one of the main causes of project delays and cost

overruns (Assaf & Al-Hejji, 2006; Diekmann & Girard, 1995). The findings revealed that documentation, claims resolution, negotiation processes, and claims handling were positive factors influencing cost, time, quality and satisfaction of the stakeholders echoing the conclusions of earlier research. (Cinko et al., 2023; Sibanyama et al., 2012).

The strong relationship between the CMP and Contractor – Client Relationship Quality (CCRQ) is a positive indication of effective claims handling, which supports prior studies that have highlighted the relational aspect of claims resolution (Cheung & Yiu, 2007; Love, Davis, & Edwards, 2011). But, in contrast to some previous studies, the present study did not find any significant mediation effect for relationship quality. Rather, operational and procedural efficiencies seem to have a more direct impact on project performance, and therefore relational factors are not as critical as in other contexts.

Weak implementation of digital claims management systems, delayed claims settlement and inadequate staff training are among the other areas of concern highlighted, which align with the recommendations that call for structured processes such as Claim Management Offices to increase efficiency (Mirzaee, Hosseini, & Yazdani, 2023).

The overall results indicate that claims management can be considered as a managerial tool which has an impact on the project success, which supports the fact that the absence of systematic claims management inevitably leads to disputes (Kalogeraki & Antoniou, 2024).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. SUMMARY OF FINDINGS

The study found that Claims Management Practices (CMP) have a significant positive influence on both Contractor–Client Relationship Quality (CCRQ) and Project Performance (PP) in construction projects in Addis Ababa, Ethiopia. The key areas of claims management practices found in the study are claim identification, claim documentation, claim notification, claim evaluation, claims negotiation and claims resolution. Of these, good documentation, negotiation, timely claims handling and implementation of final agreements were noted as the most successful practices.

The descriptive analysis showed that the Claims Management Practices were implemented at moderate level and Contractor–Client Relationship Quality and Project Performance presented moderate to high level. It was observed that the effective claims handling process resulted in fewer project delays, better quality performance, better relationships with stakeholders and better overall project results.

Correlation and regression analyses showed that Claims Management Practices are significant in enhancing the Project Performance and Contractor–Client Relationship Quality. The study also found that Project Performance and Contractor–Client Relationship Quality positively correlated. The mediation analysis results revealed, however, that Contractor–Client Relationship Quality does not significantly mediate the relationship between Claims Management Practices and Project Performance, thus suggesting that claims management practices impact project outcomes directly.

The study also identified some of the important issues that hinder the effective implementation of claims management such as the poor utilization of digital systems, slow claim settlement process, poor financial assessment of claims, inadequate staff training, and poor communication processes. In the context of these results, the study made the following recommendations: strengthening documentation systems, better communication, greater digitalisation, better professional training,

better financial claim assessment, and the establishment of co-operative negotiation and dispute resolution processes.

5.2. CONCLUSION

- The identification, documentation, notification, evaluation, negotiation and resolution of claims are critical activities within the construction process that have a direct impact on project outcomes.
- Documentation, negotiation, timely claims handling, and the correct implementation of agreements turned out to be the most effective practices, resulting in fewer delays, better quality and better contracts–client relations.
- Claims management was identified as a direct positive effect in project performance especially in cost control, timely project completion, quality improvement and overall project success.
- The study results support the hypothesis that contractor–client relationship quality was positively related to project performance, which suggests that trust, communication and cooperation increase the likelihood that a project will become successful.
- The mediation analysis indicated that the relationship quality does not significantly mediate the relationship between claims management and project performance, indicating that there is a more direct relationship between operational efficiency of claims management and project performance.
- The identified weaknesses include low digitisation, late claim settlement, lack of financial evaluation of the claims, lack of staff training, communication problems.
- The study findings have shown that claims management is a contractual obligation, is a very important managerial tool which has a direct impact on project success and its improvement is crucial for the development of the construction industry.

5.3. RECOMMENDATION

Based on the findings of the study, several recommendations are proposed to improve claims management practices and enhance project performance within construction projects.

- Improve claims management processes throughout the project lifecycle for timely identification, documentation, negotiation and resolution of claims.
- Improve documentation and record-keeping to increase transparency, reduce disputes, and aid in streamlined claims processing.
- Enhance the communication and notification mechanics between contractors and clients, with a focus on joint negotiations to foster trust, collaboration, and understanding.
- Encourage digitalisation by implementing modern claims management tools and software to improve handling of claims to be more efficient, accurate and transparent.
- Develop and invest in project management, engineering, contract administration, and claims expert training to enhance negotiation, evaluation, and documentation skills.
- Establish uniform guidelines and standards via policymakers and regulators to standardize claims management and promote modern administration throughout the construction industry.
- Implement efficient dispute resolution processes and fair contractual practices to minimise delays, conflicts and cost overruns.
- Improve financial evaluation and claims assessment to inform decision making, better cost control and ultimately, project performance.

THEORETICAL IMPLICATIONS:

- The work makes a significant academic contribution to the academic knowledge by extending the understanding of the relationship between Claims Management Practices, Contractor–Client Relationship Quality and Project Performance in the Ethiopian construction industry.
- The results validate the fact that Claims Management Practices have a significant positive impact on project performance and on the quality of the contractor–client relationship.
- The study empirically demonstrates the relationship between the claims management practices and project performance via operational and procedural efficiency.

- The findings contradict the hypothesis that holds that Claims Management Practices and Project Performance are significantly mediated by Contractor–Client Relationship Quality.
- The results add to the few empirical studies available on construction claims management in the developing world, especially in Ethiopia.
- The study offers an opportunity to future researchers to study other managerial, organisational, contractual and environmental issues that impact project performance and effectiveness of claims.
- The research corroborates the theories of project management and contractual management which stress the significance of claims handling in project success.

5.4. LIMITATIONS AND AREAS OF FURTHER RESEARCH

5.4.1. LIMITATIONS OF THE STUDY

- Due to the limited scope of the study, the results may not be generalizable to other areas or countries outside of Addis Ababa, Ethiopia.
- The sample size (N = 91) was relatively moderate, and may have reduced the statistical power of some analyses, especially of the mediation and moderation tests.
- The contractors were the primary population examined, which may have introduced response bias into the study towards contractors' perspectives.
- The study used mainly survey data based on questionnaires that can have subjectivity and personal perception by the respondents.
- The focus of this study was limited to selected variables such as Claims Management Practices, Contractor – Client Relationship Quality and Project Performance, and other variables that are important to project success were not included.
- Due to the cross-sectional design of the study, patterns and changes of stakeholder relationships and claims management over time were not observed.
- The use of digital systems is not widely adopted across the industry and some claims records are not readily available, which may have affected the accuracy and completeness of some responses.

5.4.2. AREAS OF FUTURE RESEARCH

- Further research is needed with larger samples to increase the reliability and generalizability of the results.
- The study needs to be extended to other parts of Ethiopia and other nations; claims management practices need to be compared within different settings.
- To minimize stakeholder bias, future studies should include a balanced perspective of each stakeholder group, contractors, consultants, and clients.
- It is recommended that longitudinal studies be conducted to examine the changes of practices in claims management and contractor–client relationships across the project life cycle.
- Further research needs to be done on other factors including leadership effectiveness, organisational culture, dispute resolution processes, flexibility in contracts, stakeholder involvement, and project governance.
- The impact of digital technologies and automated claims management systems on project performance needs to be explored further.
- Other possible mediating or moderating variables could be investigated in future studies which might impact the association between claims management practices and project performance.
- It is recommended that comparative studies look at the difference between claims management effectiveness and project outcomes in the public and private sector construction industry.

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APPENDIX

TITLE

THE IMPACT OF CLAIMS MANAGEMENT PRACTICES ON THE QUALITY OF CONTRACTOR-CLIENT RELATIONSHIPS AND PROJECT PERFORMANCE

DESCRIPTION

Dear respondents,

I am currently a graduate student at Addis Ababa University, School of Commerce and conducting research work as a partial fulfilment of MA degree in project management. My thesis is entitled:

"The Impact of Claims Management Practices on the Quality of Contractor–Client Relationships and Project Performance."

The questionnaire intends to assesses the role of claims management practices, including claim identification, documentation, notification, evaluation, negotiation, and resolution, in construction projects. It also examines how these practices influence contractor–client relationships and overall project performance in terms of time, cost, and quality.

Please respond based on your experience and professional judgment. Participation is voluntary, and there are no right or wrong answers. And your responses are solely used for academic purposes and will treat them with strict confidentiality.

For any questions or further inquiries, please contact:

Email: munich150683@gmail.com

QUESTIONNAIRE

Section A: General Information

(Tick as appropriate)

1. Type of organization

   ☐ Contractor ☐ Client ☐ Consultant

2. Educational Qualification

   ☐ Diploma ☐ BSc. ☐ MSc. ☐ PhD

3. Position

   ☐ Project Manager ☐ Section Manager ☐ Site Manager ☐ Site Engineer ☐ Contract Engineer ☐ Office Engineer ☐ Quantity Surveyor ☐ Other:

4. Years of experience

   ☐ Less than 5 ☐ 5–10 ☐ 11–15 ☐ Above 15

5. Type of projects involved

   ☐ Building ☐ Road Infrastructure ☐ Water Works Infrastructure ☐ Other:

6. Are you have directly involved with the claims arising in your project?

   ☐ Yes ☐ No

7. Are you certified of any national or international certificate(s) related to project management?

   ☐ Yes ☐ No

8. If your answer for the above question is yes; please specify the kind of certificate:-

…….....

9. Have you ever got the chance to attended any seminars or training sessions related to claims management?

   ☐ Yes ☐ No

10. If your answer for the above question is yes; please specify the kind of training:-

    …….....

Section B: Claims Management Practices

(Rate using: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

S.N.	Statement	*1=Strongly Disagree,*	*2=Disagree,*	*3=Neutral,*	*4=Agree*	*5=Strongly Agree)*
Claims Identification						
1	The project team identifies potential claims early in the project. (delays, changes in site conditions and scope)					
2	Project teams use early warning systems to flag risks that may lead to claims.					
Claims Documentation						
3	Sufficient and well-organized documentation exists to support claims.					
4	Project teams properly document and approve all variations and instructions.					
5	Document management systems allow easy retrieval of claim-related information					
Claims Notification						
6	Claims are formally notified within contractual time limits					
7	Information in claim notifications (cause, impact, and contractual basis) is clear and accurate.					
Claims Evaluation						
8	The project team effectively reviews supporting documents and evidence during claim evaluation.					

9	There is a clearly defined procedure for evaluating claims					
10	Project teams use independent or third party reviews when necessary.					
Claims Negotiation						
11	Collaborative negotiation of claims contributes to mutual understanding.					
12	Negotiation processes for claims are structured and effective					
13	Negotiation strategies rely on factual evidence rather than assumptions.					
14	Negotiation outcomes are documented and agreed upon by all parties					
Claims Resolution						
15	Project teams promptly and effectively settle claims within a reasonable time.					
16	Project teams effectively utilize dispute resolution mechanisms, such as mediation and arbitration, when needed.					
17	Project teams properly document and implement final agreements.					
18	Project team's review resolved claims to improve future project performance.					
General / Cross-cutting (Supportive Practices)						
19	Qualified staff handle claims management.					
20	The organization provides training on claims management practices.					

21	There is a culture of transparency and accountability in handling claims.					
22	Claims are managed using digital tools or systems.					

Section C: Contractor–Client Relationship

S.N.	Statement	*1=Strongly Disagree,*	*2=Disagree,*	*3=Neutral,*	*4=Agree,*	*5=Strongly Agree)*
Trust & Mutual Respect						
1	The client and contractor have mutual trust and respect.					
2	Neither party takes unfair advantage of the other.					
Communication Quality						
3	There is open and honest communication between the parties.					
4	Project teams communicate issues clearly, before they escalate.					
Collaboration & Cooperation						
5	Both parties work together to achieve common project goals.					
6	Joint problem-solving approaches are encouraged.					
7	The parties support each other during challenging project situations.					
8	Disputes are resolved collaboratively.					
Conflict Management & Dispute Handling						
9	Project teams settle conflicts peacefully and avoid aggravation.					

10	There are clear procedures for resolving conflicts.					

Section D: Project Performance

S.N.	Statement	*1=Strongly Disagree,*	*2=Disagree,*	*3=Neutral,*	*4=Agree,*	*5=Strongly Agree)*
Time Performance (Schedule)						
1	Efficient claims handling contributes to reduced project delays.					
2	Prompt claims resolution enhances project performance.					
3	Claims-related decisions are made without unnecessary delays					
Cost Performance						
4	Inadequate handling of claims results in overspending.					
5	Project teams properly assess and manage the financial impacts of claims.					
Quality Performance						
6	Handling claims correctly enhances the quality of the work.					
7	Project teams maintain compliance with specifications despite claims.					
Overall Project Performance						
8	Claims management aids the accomplishment of project goals.					
9	Stakeholder satisfaction is improved through effective claims handling					

Section E: Moderating Variables (Variables used for classification**, not perception)**

1. What type of contract does your project uses?

   ☐ Lump Sum ☐ Unit Price ☐ Cost Plus ☐ Design-Build ☐ Design Bid Build ☐ Public Private Partnership ☐ other:

2. What type of standard contract forms are you using in your project uses?

   ☐FIDIC ☐PPA ☐ other:

3. What is the approximate size of the project in ETB?

   ☐ Small Project (=<10 million ETB) ☐ Medium Project (10 million up to100 million ETB) ☐ Large Project (100 million up to 1 billion ETB) ☐ Mega Project (>=1 billion ETB)

4. What type of client is involved in this project?

   ☐ Public (Government) ☐ Private ☐ NGO /International Organization ☐ other (specify)

Section G: Suggestions / Open-ended

1. What major improvements cand be applied for better claims management practices?

2. Any additional comments: