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**ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE,
PROJECT MANAGEMENT DEPARTMENT**

**ASSESSING CONFLICT RESOLUTION PRACTICE IN REAL ESTATE CONSTRUCTION:
THE CASE OF ZENEBE FIREW REAL ESTATE**

**By
Eleni Shibru Jegnie**

***June, 2019
Addis Ababa, Ethiopia***



**ASSESSING CONFLICT RESOLUTION PRACTICE IN REAL ESTATE CONSTRUCTION:
THE CASE OF ZENEBE FIREW REAL ESTATE**

**A Project Work Submitted for the Partial Fulfillment of Master of
Art Degree in Project management (MA)**

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***June, 2019
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Advisor

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DECLARATION

I, the undersigned, declare that the project work entitled “*Assessing Conflict Resolution Practice in Real Estate Construction: the Case of Zenebe Firew Real Estate*” is the result of my own effort and study that all sources of materials used for the study have been acknowledged. I have conducted the study independently with the guidance and comments of the research advisor.

This study has not been submitted for any degree in any university. It is conducted for the partial fulfillment of the Master of Arts Degree in Project Management.

Eleni Shibru Jegnie

Date

LETTER OF CERTIFICATION

This is to certify that Eleni Shibru Jegnie has conducted this project work entitled “*Assessing Conflict Resolution Practice in Real Estate Construction: the Case of Zenebe Firew Real Estate*” is under my supervision.

This project work is original and suitable for the submission in partial fulfillment of the requirement for the award of Master of Arts Degree in Project Management.

Abdurezak Mohammed (PhD)

Date and Signature

Acknowledgement

First and for most I would like to thank the almighty God for giving me the stamina and tolerance all through the way.

It is my pleasure to appreciate and thank Dr. Abdurezak Mohammed my advisor for his guidance and support throughout the project work.

My sincere appreciation and thanks goes to the employees and customers of Zenebe Firew Real Estate Company for their valuable time in filling the questionnaires as well as answering the interview questions in short notice and the data they provide for this study.

Last but not least, I would like to express my deepest and heartfelt appreciation to Ato Dawit Minwagaw Baynesagn my husband for his endless support, encouragement and patience with everything I do. And also, my work colleagues, my dear friends whom I met when I joined this university as well as my childhood best friends that helped me and gave me strength throughout this project work as well as my study.

I thank you all from the bottom of my heart!!!

Eleni Shibru

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List of Acronyms

ADR	Alternative Dispute Resolution
EEA	Ethiopian Economic Association
ISIC	International Standards Industrial Classification
UN	United Nation

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Abstract

The purpose of this study is describes the causes of conflict between residential real estate companies and their customers as well as the conflict resolution practice they apply by taking the case of Zenebe Firew Real Estate Company and its customers. Primary and secondary data for the study were obtained through in – depth interview and questionnaire with the employees and customers of the company respectively as well as through the analysis of documents of the company that are related to the study. As a result, the study revealed that the major causes of the conflicts are failure in timely delivery of houses; cost escalation; quality and infrastructure problem. In addition, the company used accommodation, compromising and collaboration styles to resolve the conflicts they faced. The assessment was done by taking customer satisfaction as a parameter in the time, cost and quality point of view. Therefore, the study recommends the company to review the main causes of the conflicts and tackle them for the future in order to gain customer satisfaction with the company work.

Key words: conflict, conflict resolution, real estate and customer satisfaction

Chapter one

Introduction

1.1. Background of the study

There is general agreement that housing contributes significantly to the advancement of quality of life and general well-being of individuals (Erguden, 2001). The housing sector or the real estate sector is one part of the construction industry. In developed countries and countries with economies in transition, other than the least developed countries, their local construction industries have the lions share in market opportunities. Thus, the construction industry is the largest and most complex fragmented industry and plays a vital role in any developing country. According to UN (1996) International Standards Industrial Classification (ISIC), Rev. 3, construction is defined generally as an economic activity directed to the creation, renovation, repair or extension of fixed assets in the form of buildings, land improvements of an engineering nature, and other such engineering constructions as roads, bridges, dams, etc. Among the various sectors of the industry real estate sector is one of them.

Construction activities are multi-party operations that often generate a complex web of contracts. The principal parties include the host government, clients, contractors, consultants and employees (Perez, 2002). Each party contributes something different, but towards a common goal. Their efforts must therefore, pull in the same direction, and their contribution must fit together to produce a whole – without gaps, friction, and unnecessary duplication. Failure to meet these requirements often results in friction, frustration and conflict within the team (Drucker, 1989).

As Ferguson 1999) put it, conflict within any social organizations is to be expected, construction is no exception. The definition of conflict has traditionally been relegated to competition for resources or other interests, value differences or dissatisfaction with basic needs (Jeong 2010).

There are many perspectives on conflict, but in general it can be viewed as a feeling, a disagreement, a real or perceived incompatibility of interests, inconsistent worldviews, or a set of behaviors. Conflicts always contain important and substantive, as well as procedural and psychological, dimensions that must be negotiated. There is no way to achieve a sound solution to a conflict without understanding the threat perceived by those engaged in the conflict (Goncalves 2008).

According to Gardiner and Simmons (1992) managers must develop strategies for dealing with conflict, not avoiding it. Because when conflict has been handled constructively, all the parties are better off than before. Besides the commitment of parties to problem solving, susceptibility to a win-win solution is contingent on the constellation of interests and the availability of alternative options. Thus, conflict resolution needs to be assessed in terms of an outcome as well as a process which can enhance a prospect for warring parties to abide by their agreements. Thus, Conflict resolution is an art and a science (Jeong 2010).

Private real estate began to thrive in Ethiopia during the late 1990s and early 2000s when Real Estate Companies built homes around the outskirts of Addis Ababa (sector report 2016). Within the construction industry value added, the share of the residential construction, non-residential and other constructions are 42 percent, 30 percent and 28 percent, respectively. This shows the dominance of the residential construction in the industry (EEA, 2008).

With the strains economy in Addis Ababa, some people have already started planning for a life outside the city. In this light, the government has for the first time initiated projects of developing housing schemes, learning institutions, and industries in the rural areas of Ethiopia (sector report 2016).

As mentioned above conflict is a very broad terminology that includes conflict between nations due to boundary disagreement, misunderstanding among people at home or between employees at working areas, disagreement between ethnic groups, disagreement between companies, and even with oneself. But this project work is concentrated from the vast term to very narrow and specific one that is conflict between real estate companies and their customers.

Research environment –

Envisioned by ‘*customer design and affordable houses*’ that can satisfy varied demands of customers Zenebe Firew Real Estate Company was established by Ato Zenebe Firew in 2005 G.C. Zenebe Firew Real Estate Company has two sites: The first site is Welete site located in Alemgena a few kilometers from Addis Ababa. This site is at the suburb of Alemgena for customers who look for quite neighborhood, green scenery and the feeling of healthy breathing. The second site is located in Addis Ababa for those who love the ease of urban life and want to enjoy the amenities of Addis Ababa. Thus, the company placed its apartments and commercial buildings at the heart of the city, around Gotera. (*Company profile 2016*)

1.2. Statement of problem

Ethiopia is among the leading countries in Africa with massive construction of housing schemes. The construction industry has both a direct and an indirect impact on a given national economy. The value added (at constant market price) that the construction industry generates has increased from Birr 2. Billion in 1995/96 to Birr 4.5 billion in 2005/06 depicting an average annual growth rate of 8.5 percent over the period (EEA, 2008).

Since, conflicts are unavoidable in any organization real estate construction is no exception. Even though, the real estate business generates a remarkable contribution to the national economy the residential real estate construction sector faces various problems and challenges (sector report 2010). Since the real estate construction is a project its problems and challenges revolve around time, budget and the quality of the construction work. There are various causes for these problems and challenges. In addition, not delivering in time with the planned budget and the expected quality will lead to conflicts among the individuals that are involved in the construction environment.

Most of the studies done by researchers like Rauzana (2016) conducted a study to identify factors of conflict in construction projects; Soni et.al (2017) studied to get an overview of the factors responsible for conflicts and dispute in the construction industry; Gorse (2003) conducted a study on Conflict and conflict management in construction; Mitkus (2013), shows the cause of

conflict in construction and Ogunbayo (2013) conducted a study on nature and causes of conflict in the construction industry all the above mentioned researchers study was mainly focused on the general environment of the construction industry i.e. the conflicts between owners, consultants, stakeholders, project managers, project working teams etc. this shows that most of the studies are about the individuals that are involved in the work of the construction environment and focuses on the conflict that are arise during the construction work. In addition a study done by Zinabu (2017) on Ethiopian construction industry also focuses on the delay of the projects not on the conflicts that arises between customers and real estate companies. So, in other perspective a study can be conducted to identify the causes of conflict between customers and real estate companies and assess the conflict resolution method used to resolve these conflicts. As Iveta & Santa (2017) put it, determining customer satisfaction in service companies, especially in the real estate management sector, is becoming increasingly important in the work of customer service specialists of these companies and Customer satisfaction is increasingly seen as a decisive factor in ensuring a company's economic success. Thus, assessment is done by taking customer satisfaction as a parameter from the cost, time and quality point of view. Therefore, to fill this gap this study aims at assessing what the causes of conflicts between customers and real estate company and conflict resolution practice in resolving the conflicts by taking the case of Zenebe Frew Real Estate's conflict resolution practice.

1.3. Research question

The following research questions are formulated

1. What are the causes of conflict between the company and its customers?
2. What are the conflict resolution practices of the company to resolve the conflicts?

1.4. Objectives of the study

i. General objective

The main goal of this study is to assess the causes of conflict between Zenebe Firew real estate and its customers (i.e. clients that bought houses from the company) as well as the conflict resolution practice the company used to resolve the conflicts they faced.

ii. Specific objectives

The specific objectives of the research are listed below

- ✧ To identify the cause of conflict between the company and its customers i.e. house buyers.
- ✧ To assess the conflict resolution practices that the company took to resolve the conflicts.

1.5. Significance of the study

The study is important in ways such as providing relevant feedback to the organization to improve their future conflict resolution practice. In addition, it enable the person who did the study to acquire basic experience and knowledge about conflict (i.e. conflict with customers) and conflict resolution practice in Zenebe Firew Real Estate Company lastly, it will give a starting information on the topic for further research to anyone who would like to study related topic.

1.6. Scope of the study

The study deals with the causes of conflicts that rose between Zenebe Firew Real Estate Company and their customers who bought houses that have been built in one of the company construction site called Welete located in Alemgena (Oromiya Zone) a few kilometers from Addis Ababa between the years 1997- 2010 E.C. And conflict resolution practice of the company in resolving the conflicts.

1.7. Limitation of the Study

Despite its desire to give a sight about the wide – ranging conflicts associated with real estate construction and how conflict resolution practice is within the local construction industry, the study is limited to a single real estate company i.e. Zenebe Firew Real Estate and its customers. This limits

the findings of the study not to necessarily show the practices at other related companies. And also time and budget was additional limitation of the study not to be conducted in more detail.

1.8. Definition of Terms

Real Estate is land, including the air above and the ground below it and any buildings or structures on it. It covers residential housing, commercial offices trading spaces such as theatres, hotels and restaurants, retail outlets, industrial buildings such as factories and government buildings (Khedekar & Dhawale, 2015).

Conflict is defined broadly as a process that begins when one party perceives another party has affected or is about to negatively affect something the first party cares about (Robbins and Judge 2018)

Conflict Resolution refers to a process of not only modifying and eventually ending a contentious struggle but also removing its sources (Jeong 2010).

Customer satisfaction is a summary psychological state when the emotions surrounding disconfirmed expectations are coupled with the consumer's prior feelings about consumption experience Oliver (1980).

1.9. Organization of the paper

This paper is divided into five chapters. Chapter one is an introduction of the study and Chapter Two is the review of previous research works. Chapters Three presents design of the research, and the methods applied for data collection and analysis. Chapter Four covers findings and discussion and last chapter covers the main conclusions and recommendations of the study.

Chapter Two

Literature Review

2.1. Construction Industry

According to UN (1996) International Standards Industrial Classification (ISIC), Rev. 3, construction is defined generally as an economic activity directed to the creation, renovation, repair or extension of fixed assets in the form of buildings, land improvements of an engineering nature, and other such engineering constructions as roads, bridges, dams and so on.

The industry includes all activities of construction; irrespective of whether they are carried out by private or public construction firms and real estate companies are one of these firms (EEA, 2008). Thus, Real estate means as land, including the air above and the ground below it and any buildings or structures on it. It covers residential housing, commercial offices trading spaces such as theatres, hotels and restaurants, retail outlets, industrial buildings such as factories and government buildings (Khedekar & Dhawale, 2015).

Because of the dynamic and project driven nature of construction industry a level of conflict can be anticipated. Gardiner and Simmon's (1992) research identified that conflict occurred at all stages in the construction process.

2.2. What is conflict?

Numerous authors and researchers define conflict in various ways for the better understanding of the word "conflict" some of them are as follows.

To start from the source the word conflict is derived from the Latin word *conflictus*, which means collision or clash. Originally, it had a physical rather than moral connotation though when it is seen logically it is more about the changes in perspectives and assumptions that one have about a given situation (Burton & Dukes 1990).

Robbins & Judge (2018) define conflict broadly as a process that begins when one party perceives another party has affected or is about to negatively affect something the first party cares about.

Conflicts are centered on an issue, a problem, a question or a theme. Thus, Littlefield et al. (1998) view conflict as perceived differences in interests (i.e. wants, needs, fears, concerns) that are not satisfied.

In addition, conflict is the result of a lack of agreement in reaching a common understanding, where the parties involved perceive a threat to their interests or needs. The two most important components of any conflict are the needs and interests we have at play, as well as the concerns that one may perceive from these situations (Goncalves, 2008).

Generally, conflict is normal, ubiquitous, and unavoidable. It is an inherent feature of human existence. It is even useful on occasion. It is difficult to conceive of a situation which is conflict-free. Indeed, the very presence of conflict is at the heart of all human societies (Bercocitch et al. 2009).

2.3. Transition in Conflict Thought

According to Robbins (1998) conflict thought has passed through three stages.

The Traditional View Assumed conflict as bad that leads to dysfunctional outcome like aggression, violence and hostility resulting from poor communication, lack of openness and trust between people so that conflict must be avoided.

The Human Relation View argues that conflict is a natural and inevitable outcome in any group and that it need not be evil but rather has the potential to be a positive force in determining group performance.

The Interactionist View is the most recent perspective and proposes not only that conflict can be positive in performance but also explicitly argues that some conflict is necessary for performing effectively. Creative and effective management of conflict can lead to constructive problem solving.

2.4. Functional and Dysfunctional Conflict

Conflict has both positive as well as negative connotations and consequences. Conflict must be looked into and managed for organizational benefit. Management must survey the situation to decide whether to stimulate conflict or resolve it (Chandan, 2005).

Functional conflict is often beneficial, helping to expose problems, reduce risks, integrate ideas, produce a range of solutions, develop understanding, evaluate alternatives and improve solutions (Emmitt & Gorse 2003).

Dysfunctional conflict is unnatural conflict where a participant enters into the encounter intending the destruction or disablement of the other. Personal insults, criticism that boost self-ego and comments that lack regard for others feelings. Such conflict is not aimed at improving task performance (O'Neil 2002).

2.5. Conflict Resolution

Before we proceed with how to handle a conflict or to understand what conflict resolution means we have to know who the parties are in any conflict and what the issue in a conflict means?

One of the key issues in the analysis of any conflict concerns the identity of the parties. The term “parties in conflict” is taken here to mean individuals, groups, organizations, nations, or other systems in conflict (Bercocitch et al. 2009).

Conflicts are associated with three sets of parties in any organization: employees, customers and clients, and partners, which include shareholders, owners, and stakeholders (Goncalves, 2008).

Issues in conflict define the logical structure of conflict situations and thus, conflict situations are essentially situations in which parties hold divergent or incompatible goals which motivate their behavior (Bercocitch et al. 2009).

There are many causes for conflict, and to be successful in resolving them you must identify the areas in which you and the other party agree. Thus, conflict can be handled fairly and nonviolently by the parties with conflicting interests (Goncalves, 2008).

Now many of us believe that conflicts are natural, inevitable, necessary, and normal. And also believe that the problem with conflicts is not the existence of differences, but how we handle it is the main question (Goncalves, 2008).

The term conflict resolution refers to a process of not only modifying and eventually ending a contentious struggle but also removing its sources. The process to find a formula for resolving conflict is far more complex than the mere settlement of differences in peripheral issues.

Thus, Conflict resolution is a creative, interactive, and fluid process that requires more than a core of knowledge and a set of tools (Jeong, 2010).

Depending on the nature and sources of conflict, there are different ways to deal with conflict. In many contemporary conflicts, official and unofficial conflict management methods have been utilized in support of communication functions or improvement in relations designed to create a favorable atmosphere for a negotiated solution (Jeong, 2010).

As many researchers suggested there is no best conflict handling style rather each style is useful in some situations and each style has its own drawbacks. The skill is to analyze each situation and then determine the appropriate action. Even though different scholars name the conflict resolution styles different in a various books the main alternatives conflict management approaches are two-dimensional in nature (Rahim, 2002; Thomas and Kilmann, 1974; Blake and Mouton, 1964). In each of these approaches, either four or five conflict-handling strategies or styles are plotted within a two- dimensional space. For example, the Thomas and Kilmann

(1974) model conceptualizes five conflict – handling styles (competition, compromise, accommodation and avoidance) based on two basic concerns: “concern for self” and/or “concern for others”. *competition* (high concern for self and others), *compromise* (moderate concern for self and others), *accommodation* (low concern for self and high concern for others), and *avoidance* (low concern for self and others). Research provides strong support for the dual-concern model. Studies have shown that multidimensional plots of interrelationships indicate that the five conflict style fit in two-dimensional space, supporting the dual-concern approach. The motivating concerns depicted in this approach shows that “Concern for self” is strongly associated with a competitive strategy, “concern for others” is highly related to an accommodative strategy. Both “Concern for self” and “concern for others” contributes a small amount of variance to the choice to either collaborate or compromise (Van de Vliert and Euwema, 1994). Apart from the Thomas and Kilman model, Sorenson et al (1998) also proposed the “concern for relationship” dimension. This explains the variance for those who make the choice to compromise and collaborate. Thus, we see *competition* is motivated by “concern for self”, *accommodation* is motivated by “concern for others” and both *collaboration* and *compromise* are motivated by “concern for self”, “concern for others” and “concern for relationships”.

In summary, all the above researchers identified conflict strategies and arranged them in a model according to the degree to which each respected “concern for self” and “concern for the other person” and the degree to which each represented cooperativeness or non-cooperativeness. Therefore, the five conflict handling styles are as follows -

Avoidance – is the first conflict handling style which is, acting as if the conflict isn’t present. This style results in lose-lose resolution. i.e. it is unassertive and uncooperative. It is simply withdrawing from a threatening situation.

Competition – is the second style, one party attempting to get what he or she wants at the other’s expense. This is a win-lose strategy. i.e. in this strategy conflict is resolved in a way to satisfy the needs of one party damaging the other party involved in the conflict. It is assertive and

uncooperative and more like a power – oriented mode i.e. one party uses whatever power seems appropriate to win his or her position.

Compromise – is the third style, it is intermediate in both assertiveness and cooperativeness. Here it is a no win-no lose strategy in which both parties give something up. i.e. the solution is mutually acceptable solution that partially satisfies both parties.

Accommodation – is the fourth style; here, one party gives in but doesn't get anything in return, resulting in a lose-win resolution. i.e. it is unassertive and cooperative one. It is the opposite of competing. Accommodating might take the form of selfless generosity or charity.

Collaboration – is the fifth style, which is, working together with the other party to achieve a win-win outcome. This is the best strategy, but it's certainly not the most common conflict style in used.

After knowing the conflict resolution model the next step is to know how the conflict resolution works. Goncalves (2008) put it, most conflict resolution strategies follow a series of steps that typically include:

- ✳ ***Establishment of ground rules*** - An agreement to work together and set rules of engagement (i.e. no swearing, blaming, yelling, hitting, or interrupting).
- ✳ ***Active listening*** - Each party on the conflict has the chance to describe their point of view, without interruption, or interpretations. The point is to understand what a person wants (the needs) and why they want it, as well as any perceived fear or threats.
- ✳ ***Identifying common interests*** - Establish facts and issues that everyone can agree on and determine what is important to each person, their interests, values, and needs.

- * **Brainstorming** - List all potential solutions without judging them or feeling that they must be carried out. Try to think of solutions where everyone gains something.
- * **Negotiation** - Negotiate and try to reach a compromise that is acceptable to everyone involved.
- * **Reaching agreement** - Each person should state his or her interpretation of the agreement. You should then try to write up a draft of the agreement, get the parties to review it, and then, sometime later, check back with them to see how it is working.

2.6. Customer satisfaction in the context of real estate

Oliver (1980) defines that Customer satisfaction is a summary psychological state when the emotions surrounding disconfirmed expectations are coupled with the consumer's prior feelings about consumption experience.

Unlike manufacturing and certain service industries, the real estate sector is not simply selling products and services; it involves a much more diverse service relationship with long-term contracts as well as "selling" their reputation in both contacts with their customers and with their customer's buyer. This is important because the commercial real estate market is demand-driven, as Appel-Meulenbroek (2008) states. Li (2003) and Matzler and Hinterhuber (1998) conclude that the cost of attracting new customers is much higher than for keeping current customers. Focusing on current customers' needs can be rewarding; therefore, the real estate industry concentrates on retaining their customers instead of attracting new tenants.

The clients of the construction industry are primarily concerned with quality, time and cost and yet the majority of construction projects are procured on the basis of only two of these parameters, namely time and cost (Bennett and Grice, 1990). This is understandable since the majority of project management control systems highlight time and cost, and overlook the relative importance of quality (Hughes and Williams, 1991). It is argued by Herbsman and Ellis

(1991) that the major failings in traditional approaches to project delivery have been in extensive delays in the planned schedules, cost overruns, serious problems in quality, and an increase in the number of claims and litigation associated with construction projects. Ireland (1983) argues that time, cost and quality are the principal feasible objectives of the client in any construction project.

Quality

To the client, quality may be defined as one of the components that contributes to “value for money” (Flanagan and Tate, 1997). Vincent and Joel (1995) define total quality management as: the integration of all functions and processes within an organization in order to achieve continuous improvement of the quality of goods and services. The goal is customer satisfaction.

Time

Timely completion of a construction project is frequently seen as a major criterion of project success by clients, contractors and consultants alike. Newcombe et al. (1990) note that there have been a universal criticisms in failure of the construction industry to deliver projects in a timely way. NEDO (1983) states that a disciplined management effort is needed to complete a construction project on time, and that this concerted management effort will help to control both costs and quality. This is tantamount to saying that the client’s objectives can be achieved through a management effort that recognizes the interdependence of time, cost and quality.

Cost

Clients have been increasingly concerned with the overall profitability of projects and the accountability of projects generally. Cost overruns, in association with project delays, are frequently identified as one of the principal factors leading to the high cost of construction (Charles and Andrew, 1990). Research to date has tended to focus on the technical aspects of managing costs on construction projects in the attainment of client objectives. There is little evidence in the published literature of a concern for the organizational, social and political problems that are inherent in the management of construction costs and the ability of the project team to meet the client’s needs in terms of cost.

2.7. Overview of Empirical studies related to conflict Resolution practice in construction

Numerous studies have analyzed the causes of conflicts and the respective conflict resolution practices in construction environments.

Gorse (2003) conducted a study on Conflict and conflict management in construction. In his study related literatures were reviewed and data was collected through observation of 36 management and design team meetings held in construction sites. The aim of the study was to know what manifest conflicts in construction areas and what were the approaches used to manage them.

The findings of the study revealed both task and personal issues can manifest conflict and to resolve the conflicts the various approaches within Kilmann and Thomas' (1974) conflict handling styles grid were in use. However, the researcher suggested since task issues are involved it is better to consider a three dimensional conflict resolution approach (i.e. conflict management strategies should integrate ideas that help accomplish the task, protect individual members and consider the well being of other group members) instead of the traditional two dimensional one.

Since the construction industry is a complex and competitive environment in which participants with different views, talents and levels of knowledge of the construction process work together. In this complex environment, participants from various professions, each has its own goals and each expects to make the most of its own benefits. Rauzana (2016) conducted a study to identify factors of conflict in construction projects. Thus, based on previous research the study revealed that the main factors are owners (i.e. lack of communication, poor management); consultants (i.e. delay in providing information, estimation errors); and contract and specification (i.e. the lack of clarity in documents and distribution of workflow).

And the strategy of conflict resolution on the project is by respond to problems in a timely manner, creating good communication among project teams, creating a clear mechanism,

creating management and good supervision. The techniques that are generally used in resolving conflicts are Withdraw / Avoid, Smooth / Accommodate, Force / Direct and Collaborate / Problem Solve.

Another related study to outcast the factors which are responsible to conflict and dispute in construction projects was conducted by Soni et.al (2017). Various literatures are studied to get an overview of the factors responsible for conflicts and dispute in the construction industry and minimizing their effect on construction projects. Thus, the literature survey revealed various variables that are responsible to conflicts and disputes. Such variables are owner, contractor, consultant, third party and human behavior, design and contract related. And also proper management of these factors helps in minimizing their effect on industry. i.e. The key variable is to attempt to urge all participants to participate rather than compete with each other.

A study done by Mitkus (2013), shows the cause of conflict in construction in a different light – from the aspect of communication. The researchers reviewed various literatures and arrived at a conclusion of externally visible circumstances related to time, cost and quality of the construction projects are usually identified (i.e. in the contemporary scientific literature they reviewed) as the causes of conflicts. But the researchers believed that these external circumstances are not the true causes of conflict rather their study revealed that a contract (i.e. the construction contract agreement) allowing a room for being differently (subjectively) interpreted by the parties constitutes the main cause of conflicts in construction projects. It means that the most frequent cause of construction conflicts is unsuccessful communication between the parties to a construction contract agreement.

Another study that shows the experience of New York City's conflict resolution styles in real estate matters was done by Lebovits and Hidalgo (2009). According to their study real estate conflicts include residential and commercial landlord-and-tenant disputes, conflicts between cooperative boards and shareholders, and problems involving construction, leasing, subleasing, and sales, broker client relationships, broker-agent relationships, appraisals, foreclosures, Property-management issues, real estate partnerships and other associations.

Gerald et al. (2009) intended to provide an overview of the available ADR options in New York for individuals and those in the real estate industry and the advantages as compared to litigation. Therefore, ADR is a technique to settle disputes outside a courtroom ADR is usually faster and consequently cheaper than a courtroom proceeding. ADR is also confidential. The file and the award are not a public record, as it is in litigation. When parties value confidentiality, ADR can be the answer.

ADR provides an efficient, cost-effective method, not only to relieve the courts' dockets, but also to promote compromise between, and bring peace to, the parties. There are many different variations of ADR, but the most common ones are negotiation, mediation, and arbitration. Negotiation tends to be an informal process that does not require a third-party neutral. Construction disputes commonly involve technical issues thus parties can choose neutral industry specialists in mediation and arbitration.

A study that is focused to confirm the nature of conflict that is applicable in construction project management was conducted by Ogunbayo (2013). It was to identify the main causes of conflict and determine how conflict can be minimized through the use of available tactics in project management in the Nigeria construction industry.

The researcher reviews current literature on conflict management in construction industry. Also, questionnaires were used to elicit necessary information for data analysis. Thus, the study revealed that conflict is natural and inevitable, which may have positive or negative effect.

Furthermore, communication breakdown and conflicting commitment of the project managers are the most prevalent causes of conflict in Nigerian construction industry and the tactics most adopted by Project managers in minimizing conflict is by improving communication channels and establishment of sense of trust and collective responsibilities.

2.8. Summary of the related Empirical studies

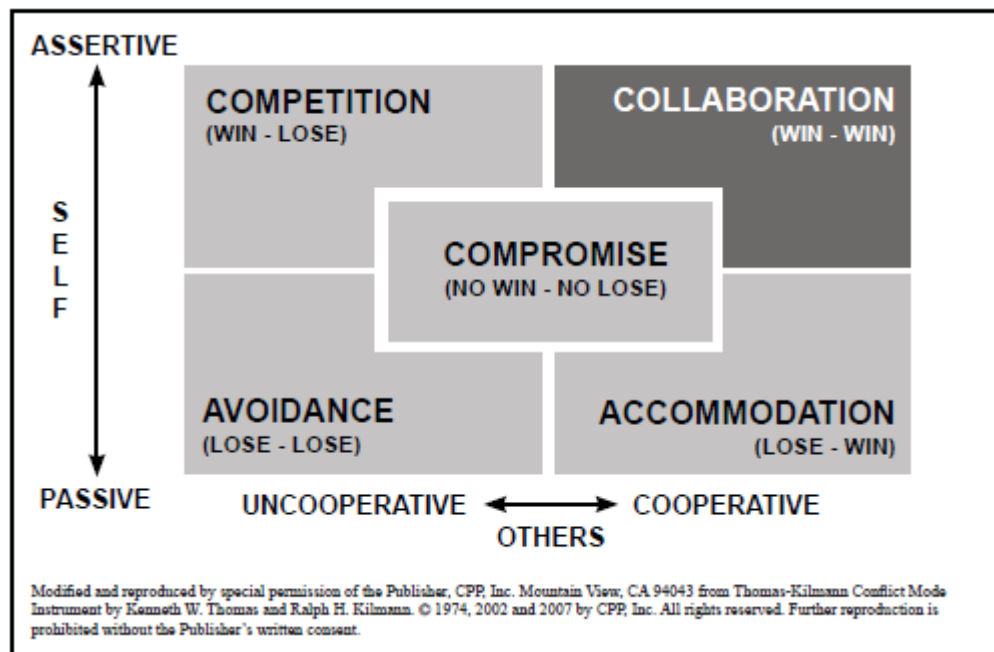
Most of the studies reside in understanding the nature of conflict; identifying the causes of conflicts and the resolution practice in general view of construction environments the summaries of the empirical studies on the above mentioned points are listed in the following table.

Table 2.1. **Summary of empirical studies**

Author(s)	Focus of the study	Methodology used	Key Findings
Gorse (2003)	Conflict and conflict management in construction	Observation of construction management and design team meetings and questionnaires	Task and personal issues can manifest conflict Kilmann and Thomas' (1974) conflict resolution style were used
Mitkus (2013)	The cause of conflict in construction	Survey of previous literatures	Circumstances related to time, cost and quality of the construction projects are usually identified as the causes of conflicts.
Gerald et al. (2009)	conflict resolution styles in real estate matters	Descriptive research on the experience of New York City's real estate	Introduction of ADR techniques: negotiation, arbitration, mediation

Soni et.al (2017)	to outcast the factors which are responsible to conflict and dispute in construction projects	Survey on related literatures	variables that are responsible to conflicts and disputes are owner, contractor, consultant, third party and human behavior, design and contract related
Rauzana (2016)	Identifying factors of conflict in construction projects	By analyzing previous studies	the main factors are owners (i.e. lack of communication, poor management); consultants (i.e. delay in providing information, estimation errors); and contract and specification (i.e. the lack of clarity in documents and distribution of workflow). In resolving conflicts Withdraw / Avoid, Smooth / Accommodate, Force / Direct and Collaborate / Problem Solve were used.
Ogunbayo (2013)	To identify the main causes of conflict in Nigerian construction industry	Survey on current literatures and questionnaire were used	communication breakdown and conflicting commitment of the project managers are the most prevalent causes of conflict

Figure 2.1. **Conceptual framework for conflict resolution**



Source: The two dimensions Conflict Resolution model *Adapted from Thomas-Kilmann (1974) conflict style model*

Chapter Three

Research Methodology

This paper aims in getting the information on the conflict resolution practice of Zenebe Firew Real Estate Company used in resolving the conflict they faced with their customers (i.e. customers who bought a house from the company). This was done by identifying the causes of the conflict and the respective conflict resolution practice that has been used by the company to resolve the conflict. Thus, this chapter explains how the study was conducted to meet the main objective of the study.

3.1. Research Approach

To serve the purpose of this study and address its basic research questions, the study has used mixed research approach. This approach helps to address the research questions in two perspectives qualitatively and quantitatively. In addition, the qualitative data can be used as a base to explore the quantitative findings of the study.

3.2. Research Design

The research design for this study is descriptive design. Because it describes the nature or affairs as it exists at present or he/she can report what has happened or what is happening, and also it is facts finding of the present (Saiyadain 2003). Thus, descriptive design will aid in meeting the objective of the study i.e to get information on the current condition of causes of conflict and conflict resolution practice of the company under study and describe the existing condition as it is. In addition it will help to achieve a better result out of the study.

3.3. Research Population and Sampling Technique

As a Research population the study used both the customers and employee of Zenebe Firew Real Estate Company as target population. Regarding the customer population the total number is 220. These are the customers who bought houses (i.e. between the year 1997 – 2010 E.C) from Zenebe Firew Real Estate Company at “Zemed village” that is found in Welete site, located in Alemgena (Oromiya zone) a few kilometers from Addis Ababa. The sample size for the customer population was calculated by using Yamane’s sample size formula. So the study population involved those 142 customers.

On the other hand the sampling technique used for the second population of this study is purposive sampling technique. Thus, by using this technique the key informants that are specifically related to this study i.e. four managers of the company were selected as a second target population of the study.

3.4. Source of Data and Data Collection Instruments

The study employed both primary and secondary data. Regarding the primary data the information was gathered through questionnaire and in – depth interview. On the other hand the secondary data was collected from the analysis of the company documents that are related to this study objective. These include the company profile, the company – customer contract and other documents (i.e. minutes and customer satisfaction survey findings).

3.5. Method of Data Analysis

For the data that are collected through questionnaire descriptive analysis will be used. To do this the data that is collected will be categorized and organized by using Excel. And for the data gathered through in – depth interview as well as from the document analysis the method of data analysis will be narrative data analysis because as (Gilbert, 2008) put is this method will help to describe the event or series of events in a manner that conveys meaning as well as factual information.

3.6. Validity and Reliability

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. It can also be thought of as utility. In other words, validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested (Kothari, 2004). Its determination is primarily judgmental and intuitive; there is no numerical way to express it. Based on this, the student researcher incorporates feedback of the research advisor in customizing the instrument.

3.7. Ethical Consideration

Participants were well informed about the purpose of this study and they have given the information with full consent and their participation in the study was completely voluntary. And also the respondents were informed that the information that they provide is fully for academic purpose and will be kept confidential.

Chapter Four

Result and Discussion

This chapter deals with results and discussion of data which were collected from customers and managers through questionnaire and interviews as well as document analysis. The interviews were conducted to employees that were significantly related to the objective of the study. Thus, the interview and the questionnaire questions are attached in Appendix 1 and 2.

Questionnaires were distributed to 142 customers and the interviews were conducted to 4 managers which were found to be relevant with the study. However, among the total questionnaire which were distributed only 120 of it were properly filled and returned.

4.1. Demographic characteristics of respondents

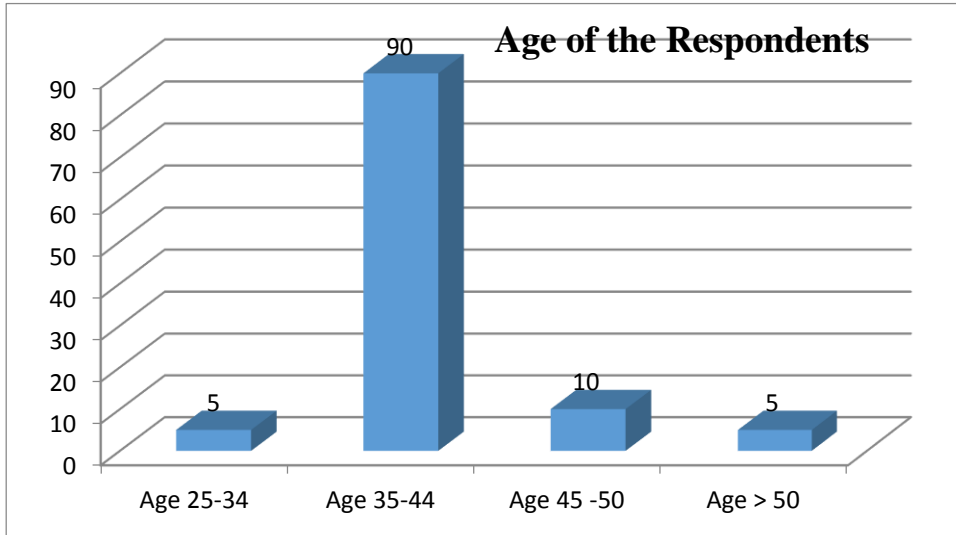
The respondents of the questionnaire were customers of the company who bought houses from the company's Welete site between the years 1997 – 2010 E.C.

Table 4.1. **Response rate of the questionnaire**

Respondents	Questionnaire			
	Distributed	Returned	Valid	Valid among distributed in percentage
customers	142	120	120	84.5%

Table 4.1 above indicates that the response rate for the questionnaire survey for customers is 84.5%. According to Sekaran (2001), a response rate of 30% is acceptable for most studies. Therefore, as the response rate of this study is more than what is referred as adequate by Sekaran (2001), the response rate was considered adequate for the study.

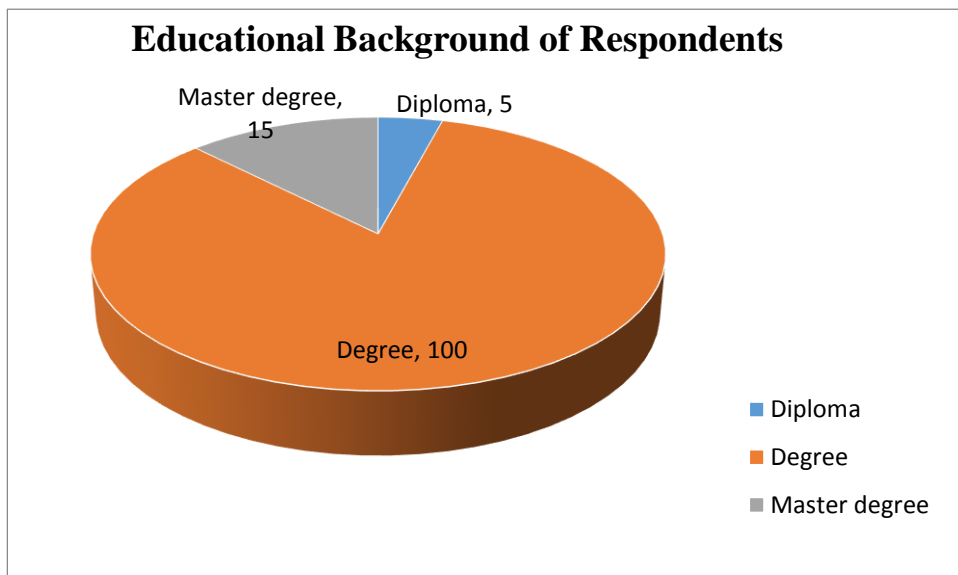
Figure 4.1. Graphical representation of age of the respondents



Source: own survey (2019)

As indicated in figure 4.1 age of respondents was assessed. Accordingly, out of 120 participants 90(75%), 10(8.3%), 5(4.2%) and 5(4.2%) of the respondents were between the age group of 35 – 44, 45 – 50, 25 – 34 and above 50 respectively. The age of the respondents suggest that they are mature enough to understand the questions and give response accordingly.

Figure 4.2. Graphical representation of academic qualification of the respondents



Source: own survey (2019)

As indicated in figure 4.2 above through the assessment of educational background of respondents out of 120 participants 100(83.3%), 15(12.5%), and 5(4.2%) of the respondents have bachelor degree, master degree and diploma in various fields respectively. The academic qualification of respondents suggests that their educational qualification makes the acquired information reliable.

Table 4.2. Conflict with the company and causes of conflict

Item	Questions	Response	
		Frequency	Percent (%)
1	Did you get in conflict with the company		
	Yes	120	100
	No	-	-
	Total	120	100
2	If your answer to item 1 question is yes What was the cause of the conflict?		
	Failure in timely delivery	35	29.2
	Cost escalation	30	25
	Quality problem	7	5.8
	Infrastructure problem	48	40
	Estimation Error	-	-
	Lack of communication	-	-
	Poor management	-	-
	Lack of clarity in document and work flow	-	-
	other	-	-
	Total	120	100

Source: own survey (2019)

As indicated in table 4.2 of item 1, all the 120 (100%) of the respondents testified that they had a conflict with the company.

According to table 4.2 of item 2, 48(40%) of the conflict was due to infrastructure problem. While the 35(29.2%), 30 (25%) and 7 (5.8%) were due to failure in timely delivery, cost escalation and quality problem were the causes of conflict respectively. This indicates that the major causes of problem were due to time, cost, quality and infrastructure of the compound.

Table 4.3. Conflict resolution method

Item	Questions	Response	
		Frequency	Percent (%)
1	Was the conflict resolved		
	Yes	72	60
	No	48	40
	Total	120	100
2	If your answer to item 1 question is yes What was the conflict resolution method used?		
	By avoiding / ignoring the conflict	48	40
	By satisfying the needs of one party by damaging the other party	-	
	By mutually acceptable solution that partially satisfy both parties	35	29.2
	By scarifying one need to satisfy the other party's needs	30	25
	By finding a solution to fully satisfy the concerns of both parties	7	5.8
	Total	120	100

Source: own survey (2019)

As indicated in table 4.3 of item 1, while 72(60%), have said that the conflict they have with the company was resolved. But 48 (40%) of the respondents said the conflict still not resolved. This clearly shows that there are conflicts that have not been resolved yet.

According to table 4.3 of item 2, 48(40%), have said that the conflict they have with the company has been avoided. while 35 (29.2%) and 30(25%) got mutually acceptable and by scarifying one need to satisfy the other party's needs as a solution to their problem respectively. and 7 (5.8%)of the respondents justified that they got a solution. This clearly shows only few of the customers got a solution to their problem.

Table 4.4. Conflict resolution practice

Item	Questions	Response											
		Strongly Agree		Agree		Neutral		Strongly Disagree		Disagree		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	In your opinion does the company has good conflict resolution practice			7	5.8			65	54	48	40	120	100
2	Does the company give attention on matters which may result in conflict			5	4.2			90	75	25	20.8	120	100
3	Do you think the company has participatory conflict resolution practice			42	35	11	9.7	39	32	28	23.3	120	100

Source: own survey (2019)

As indicated in table 4.4 of item 1, while 7(5.8%), 48(40%) have agreed and disagreed respectively, 65(54%) strongly disagree with that the organization has good practice in conflict resolution. This clearly shows that 54% of respondents have testified the company has no good practice in conflict resolution.

From item 2 of the same table, 90(75%) has strongly disagreed and 25(20.8%) disagreed with the managers have given any attention for the matters which may result in conflict, but 5(4.2%) have agreed. From this we can conclude that the managers in this organization didn't give any attention for matters which may result in conflict.

In table 4.5 of item 3, 42(35%) agreed that they are satisfied with the current conflict resolution practice of the company. But 39(32%) strongly disagreed and 28(23.3%) and 11 (9.1%) remained neutral. Regarding the satisfaction of respondents towards the current conflict resolution practice of the organization, 67(55.3%) of the respondents were not satisfied with it.

Table 4.5. Customer satisfaction with the solution

Item	Questions	Response	
		Frequency	Percent (%)
1	Were you satisfied with the solution of the company		
	Fully satisfied	7	5.8
	Partially satisfied	65	54.2
	Not satisfied	48	40
	Total	120	100

As indicated in table 4.5 of item 1, while 7(5.8%), have fully satisfied with the solution the company gave them. While 65(54.2%) and 48(40%) respondents were partially and not satisfied respectively. This clearly shows that 92% of respondents have testified that the solution given by the company did not fully satisfy them.

4.4 Interview results

After completing the responses of the questionnaire now let us see the responses of the four managers for the in – depth interview conducted. Similar responses from the respondents on each question were combined together for simplicity.

1. *What types of houses does your company build in the Welete site?*

The main types of houses that are build in the Welete site are villas and ground plus one villa with the request of the customers.

2. *How long does it take to finish a single house?*

Two years is the time to build a single house and deliver it to the customer.

3. *Did the company have conflict with the customers?*

Yes, there were various conflicts with the customers

4. What was the major cause of conflict?

The major causes of conflict were four these are: failure in timely delivery of houses; escalation of costs of construction materials; the quality problem with finishing materials and water infrastructure of the compound.

Firstly, the reason behind the late delivery is the lately political situation of the country in the past three years. i.e. since the site is Oromiya zone the unstable political issue in the construction site has affected the timely construction work of the company.

Secondly, they explained that the inflation caused the cost of construction working materials like steel and cement price to increase exponentially that in return leads to the increase in the estimated cost of the houses.

Thirdly, about the issue raised on the quality of the finishing materials was related to the outsourced wood work firm's sample and actual delivered materials not being in the same quality caused the conflict with their customers.

And finally, the water infrastructure i.e. as they say the place where the site is located is known for the high shortage of water supply problems and it is in the hand of the government and it is beyond the control of the company. Even if the control is out of their hands they are doing their best in helping the government to solve the infrastructure problem of the village.

5. What was the conflict resolution method used in resolving the conflicts?

Regarding the conflict resolution practice of the company, in order to keep their customers satisfied and keep the company's reputation the company tried to resolve the conflicts in more suitable way to their customers. For instance, in the case of the increase cost the company explained to the customers about the situation but the customers refused to pay more thus, the company built and delivered the houses with the initial agreed payment in the company's expense. The other one is on the quality of the wood work the company made the outsourced wood firm to rework as in the interest of their customers. In the case of the water supply problem and timely delivery the company explained that it is beyond their control since both the problems are nationwide ones.

4.5 Document Review

Besides secondary data, data's are collected from the company's documents which may help to strengthen the responses given through questionnaires and interview. Document review is a way of collecting data by reviewing existing documents. Documents may be hard copy or electronic and may include reports, meeting minutes, company profiles, customer – company contract and customer satisfaction survey results. Document analysis is a form of qualitative research in which documents are interpreted by the researcher to give voice and meaning around an assessment topic (Bowen, 2009). Thus, the result of the document review for this study is presented as follows.

The company started building houses in “Zemed village” at Welete site immediately after it was established. The “Zemed village” compound includes total of 90,000sq meter area. The types of houses that were built in the compound are villas and some of them are G+1 and it takes 2 whole years to finish and deliver a single house to the customer. The company built 220 houses in the past thirteen years (i.e. between the years 1997 to 2010 E.C) and all of them are sold i.e. the company had 220 customers.

In addition, the payment of the house that a customer bought is based on the work finished on the construction of the house. i.e. according to their customer – company contract agreement the first 20% payment is for the foundation, 30% is for the walls and installation of electric and other related works, 25% for the roof work, 15% will be for the finishing work and the final 5% payment include for concluding the final construction work up until giving the house key to the customer.

4.6 Discussion

The study found that there are various causes of conflict with in the construction industry. Since the construction industry is dynamic and project driven environment there are different challenges and problems faced by the individuals involved within. Among these causes the major ones are mainly related to time, cost and quality of the construction work.

On the other hand the result from the study revealed that most of the conflicts within the construction environment are resolved by using the most common resolution styles such as compromising, accommodating, collaboration, avoiding and competing depending on the situation of the conflict.

In addition, the conflict resolution methods and practice of the company has a direct relation with the satisfaction of the customers in cost, time and quality perspective.

In general, this study found that the three project constraints can be the major causes of conflict between the real estate company and its customers. And also the conflict resolution style of the company is the most common one that are discussed in various literatures. Lastly, the resolution practice of the company has a direct influence on the satisfaction of its customer expectations from the triple constraints point of view and should be given attention in the formulation of good reputation and image of the company.

Chapter Five

Summary, Conclusion and Recommendations

5.1. Summary

With the intent of meeting the study's objective of finding out the major causes of conflict and the conflict resolution method of the selected real estate company, the researcher had presented in-depth analysis of findings in the prior chapter. In this final chapter, the findings of the study are summarized and presented along with their implications, concluding remarks and recommendations.

Customer satisfaction can be improved by studying and improving factors that affect it from the time, cost and quality dimension. Accordingly, this study has strived to identify the major cause of conflict and the conflict resolution method of Zenebe Firew Real Estate Company.

To investigate the major causes of conflict and the conflict resolution method a sample size of 142 customers was taken and the response rate was 84.5%. Among them 75% of the customers lay between 34 - 44 age categories, 83.3% had bachelor degree.

The result indicates that 40% of the causes of the conflict was due to the infrastructure problem and the respondents confirm that only 60% of the conflict was resolved and by the resolution practice of the company only 60% of customers were satisfied with the solution given by the company.

5.2. Conclusion

The aim of this paper was to identify the major causes of conflict between Zenebe Firew Real Estate Company and its customers as well as to assess the conflict resolution methods the company uses.

Therefore, the study findings have concluded that the major causes of conflict between the company and its customers are failures of timely delivery of houses; escalation of cost; quality problem and shortage of water supply. And also the company uses compromising, accommodating and collaboration methods for resolving the conflicts. Lastly, the conflict resolution practice of the company was assessed by using customer satisfaction as a parameter from the point of view of cost, quality and time. Thus, the company should give adequate attention to the parameter in order to keep its reputation and image to become competitive in the construction industry.

5.3. Implications and Recommendations

Real Estates that build houses play a great role in the reduction of the critical housing problem in Addis Ababa city. However, these sectors face various problems and challenges such as taking longer time than planned to complete a house which by itself is a cause for cost overruns. This leads in failure to complete within the allocated budget with planned quality standard that will be compromised.

Struggling with all these, it is wrong to expect for the sector to properly discharge its responsibility in reducing housing problem. This calls for critical assessment current practice of conflict resolution and improvement in those area that can cause failure in timely delivery, cost escalation, quality and infrastructure problem. Implications and some possible recommendations on how to improve the identified problems are tried to be provided by the researcher. The implications and recommendations are presented below.

- By improving its project planning activities. i.e. the company can hire or invite an economist and political consultant to participate in anticipating the future of the political as well as economical situation of the country to tackle conflicts that can arise from these factors that can lead to late delivery or increased in cost of construction projects.
- Have a thorough inspection in selecting the right outsources firms with the right profession when there is a work needed for the company.
- To look for other water supply options to the site. i.e. firstly, A simple solution to this crisis is to have water trucks come and pump water into a main compound reservoir and pump to the occupied house reservoirs twice a week if indeed ,split the cost 50/50 and secondly the company can work with Science and Technology Minister and can use innovative works related to water pumps.

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Appendix

Appendix 1 – Questionnaire

Addis Ababa University
School of Commerce
MA in Project Management

Dear Respondents:

This study entitled as “*Assessment of conflict resolution practice in real estate construction: the case of Zenebe Firew real estate*” is designed to assess conflict resolution practice that the company has to resolve the conflict that rise between the company and its’ clients. You are kindly asked to respond to the questions below based on your practice on conflict resolution between you and the company. The information you provide will be used purely for academic purpose.

Participation in this project is completely voluntary. Results will be recorded anonymously, and strict confidentiality will be maintained. Individual responses will not be identified in the Researcher’s project work.

The questionnaire has two parts: Part -I is about your personal information. Part-II is the overall questions about conflict resolution practice. Please give your honest response to each item.

Thanking you in advance for your valuable time & cooperation.

Eleni Shibru Jegnie

The researcher

Part I
Personal Information

N.B- Please give your answer by putting tick a mark in the box corresponding to your response.

1. Age

25 – 34

35 – 44

45 – 50

≥ 50

2. Educational background

Diploma

First Degree

Masters

Part II

Instruction

Please use a tick (√) mark for your response and where appropriate give your opinion for the open ended question.

3. Did you get in conflict with the company?

Yes

No

4. If your answer is yes to question #3

What was the cause of conflict?

Failure in timely delivery

Cost escalation

Quality problem

Infrastructure problem

Estimation Error

Lack of communication

Poor management

Lack of clarity in document and work flow

Other _____

5. Was the conflict resolved?

Yes

No

6. If your answer to question #5 is yes

What was the resolution method used in resolving the conflict?

By avoiding / ignoring the conflict

By satisfying the needs of one party by damaging the other party

By mutually acceptable solution that partially satisfy both parties

By sacrificing one need to satisfy the other party's needs

By finding a solution to fully satisfy the concerns of both parties

7. Were you satisfied with the company solution?

Fully satisfied

Partially satisfied

Not satisfied

8. In your opinion does the company has good conflict resolution practice?

Strongly agree

Strongly disagree

Agree

Disagree

Neutral

9. Does the company give attention on matters which may result in conflict?

Strongly agree

Strongly disagree

Agree

Disagree

Neutral

10. Do you think the company has participatory conflict resolution practice?

Strongly agree

Strongly disagree

Agree

Disagree

Neutral

Appendix 2 – Interview

The following interview questions are for the managers of Zenebe Firew Real Estate Company that are key informant to the house project work in Welete site of the company. Thus, this interview questions are meant to gather data about the causes of conflict and the conflict resolution method used in resolving the conflict.

1. What types of houses did you build in the Welete site of the company?
2. How long does it take to build and deliver a single house?
3. Did you have a conflict with the company's Welete site customers?
4. What was the major cause of the conflicts?
5. What was the conflict resolution method used in resolving the conflicts?

Thank you for your time!

