

# DEFICIENCIES IN BESPOKE LABOUR SUBCONTRACT AGREEMENTS: THE CASE OF LARGE-SCALE CONTRACTORS IN THE SRI LANKAN CONSTRUCTION INDUSTRY

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## ABSTRACT

*Labour subcontracting has become popular and has been extensively utilized in the building construction industry due to the potential for a reduction in initial cost for site mobilization. However, there are high risks involved in labour subcontracting due to inadequate and ambiguous subcontract agreements, which lead to disputes between parties. Thus, this paper aims to identify the deficiencies in large-scale contractors' bespoke labour subcontract agreements in the Sri Lankan construction industry. Eight semi-structured interviews were carried out with main contractors (CS1 and CS2 as per the CIDA registrations) to identify the current practice of labour subcontracting and the terms/clauses included in their company-based labour subcontract agreement. The collected data was then subjected to a content analysis, and accordingly, deficiencies in the agreements were identified that fall into areas such as defects in the works, materials, tools and equipment, contract termination, discipline at the site, services provided by the main contractor, penalties, dispute management, health and safety, retention clause, quality of the works, rate of progress, laws and regulations, variations, insurance, and skill of the labour subcontractors.*

**Keywords:** Construction Industry; Labour Subcontract Agreement; Labour Subcontractor; Main Contractor; Sri Lanka.

## 1. INTRODUCTION

Subcontracting practice is fostered by the provisions made available for domestic and nominated subcontractors from a contractual point of view. On the other hand, Mbachu (2008) expressed that there are three main categories of subcontractors in the construction industry: trade contractors, specialist subcontractors, and labour-only subcontractors. Labour-only subcontracting has become popular and has been extensively utilized in the construction industry over the past decades. A labour subcontractor is a type of employment system whereby a contractor would hire, on a labour-only basis, a subcontractor, which is often an individual worker or a collection of individuals, and pay

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a lump sum, or measure and pay for an agreed amount of work. Further, Kadan (2016) has indicated that labour subcontractors are widely engaged in building development projects because civil engineering projects are not too labour-intensive and involve only a few trades.

However, as Chiang (2009) mentioned, many disputes are generated as a result of breaches in the rights and responsibilities of the general contractor and the subcontractor. Moreover, Chiang states that the main contractor and subcontractor should maintain a long-term business relationship that is built upon trust and loyalty for a problem free subcontract. Furthermore, as Yoke-Lian, et al. (2012) state, problems related to subcontractors are considered to be one of the main risks of a construction project, owing to the fact that labour subcontract issues like payment problems, safety issues, quality issues, disciplinary issues, etc., always affect the productivity of a construction project. Therefore, it is safe to assume that problem free subcontracting would allow successful project completion.

As Fagbenle, et al. (2018) point out, when subcontractors enter into a contract with main contractors, most of them are not registered as subcontractors under the main-contractors, and some subcontract agreements are inadequate and ambiguous, which can be claimed as the main reasons for the disputes. Therefore, research is needed to figure out solutions to minimize the issues caused by the absence of a standard format for labour subcontract agreements in the construction industry.

Standard labour subcontract agreements are not a practice in the Sri Lankan construction industry, but some standard labour-only subcontract forms and agreements are traceable in the international context. For instance, both the Building Industries Federation of South Africa (BIFSA) and the Construction Industry Development Board of South Africa (CIDB) adopt standard labour-only subcontract agreements (CIDB, 2005). In this setting, there is an exigent need to develop a standard labour subcontract agreement for the Sri Lankan construction industry. Thus, forming part of a wide research, this paper investigates deficiencies in the currently available bespoke labour subcontract agreements among large scale contractors in the Sri Lankan construction industry. In order to achieve this aim, the paper addresses the following three research objectives:

1. Identify the prevalent labour recruitment practices and problems that arise as a result of labour subcontracting practices.
2. Review the locally available labour subcontract agreements and standard international labour subcontract agreements to identify the major provisions available in them.
3. Identify the deficiencies in the currently available bespoke labour subcontract agreements among large scale contractors in the Sri Lankan construction industry that may have given rise to the problems generally rising between main contractors and labour subcontractors.

This paper begins with a comprehensive literature review on the labour subcontract process; issues generally arising in labour subcontracting; standard forms of labour subcontract agreements available; and the advantages of having such standard labour subcontract agreements. Subsequently, it introduces the research methodology adopted for the study to achieve the aim and objectives, along with reasoning for each method adopted.

The analysis of the primary and secondary data collections that involved in the identification of the deficiencies in the bespoke labour subcontract agreements used by large-scale building contractors is presented next, followed by the conclusions, recommendations, and suggestions for further research.

## **2. LITERATURE REVIEW**

### **2.1 LABOUR-ONLY SUBCONTRACTORS**

Labour-only subcontractors normally just supply their labourers and work under the direction of main contractors. Labour-only subcontracting is particularly common in the building construction industry. Most of the main contractors are subletting a great bulk of their construction work to labour-only subcontractors, to significantly reduce the supervision, office staff, and accommodation costs (Mbachu, 2008), which has become a trend in the construction industry recently. Being concurred with the Mbachu's view, Ohnuma, et al. (2000) held that main contractors use labour-only subcontracting as a mechanism to reduce the risk associated with the main contractor, especially because it:

- **Improves flexibility:** Labour subcontracting improves the functional flexibility of workers, the volume of workers, and the financial position of the main contractor through smaller fixed costs.
- **Increases productivity:** Generally, the labour subcontractors are specialized in certain areas of services, so they can achieve higher productivity compared to the productivity of the main contractor's own labour force.
- **Improves the product's quality:** As labour subcontractors are "specialists" in their own field, such as formwork, reinforcing, tiling, painting, and plastering, main contractors can expect high quality work by utilizing skilled and qualified labour subcontractors.
- **Reduce delays:** If the productivity of services executed by the labour subcontractor is better, it naturally results in a reduction in delays if the task has been planned and programmed well.
- **Less expensive:** A labour subcontractors are less expensive than finding and using the main contractor's own employees. Through labour subcontracting, the main contractor can find workers with the required skills and can reduce the maintenance of a heavy and uneconomical full-time labour force.

These benefits become realized, if both parties (labour subcontractor and main contractor) do their duties and responsibilities properly as agreed and only well-written subcontract agreements are drafted between the main contractor and labour subcontractor.

### **2.2 LABOUR SUBCONTRACT AGREEMENTS**

A labour subcontractor agreement is a contract between the main contractor or project manager and labour-subcontractors. It solidifies any agreement between the two parties in order to ensure the delivery of work. Subcontractors are expected to read the agreement carefully and verify specifics to protect themselves from unfair risks being transferred to them. Although various conditions for the formation of subcontracting agreements have been put in writing, they are not very explicit about the benefits to the subcontractor and are not written in a manner favourable to the subcontractors (Webster, et al., 1997). Most labour subcontractors do not enter into formal, written, and signed documents, which are

to be binding and enforceable. Instead, most labour subcontracts end up with an oral agreement without any offer or acceptance in writing. Furthermore, most verbal labour subcontract agreements are solely based on price or trust. Conversely, the subcontract agreement needs to be in writing in a language that the subcontractor can understand and acknowledge because the majority of the labour subcontractors are not in a position to understand and acknowledge written agreements of complex nature.

According to Hoffmeister, et al. (2011), the following factors lead to the essentiality of a well-documented labour subcontract agreement for construction projects, and those factors themselves led the authors of this study to select large-scale contractors as the subject of the study rather than medium-scale or small-scale contractors.

- construction being large-scale
- flow of a large amount of money between a large number of parties
- lengthy production periods of construction projects
- heterogeneous nature of work involved in construction projects
- high complexity and high risks associated with construction projects

When the main contractor is adopting labour subcontractors' services, it needs to define the rights, obligations, and duties clearly to avoid conflicts between each party and to get expected performance from the labour subcontractor through a labour subcontract agreement. In Sri Lanka, it has become common practice for large-scale to use non-standardized formats to establish labour subcontract agreements. These company-based bespoke agreements do not cover the various rights and responsibilities that the contract parties originally promised during verbal agreements. As a result, payment issues, quality issues, timely completion issues, security issues, termination, disciplinary problems, and insurance issues are some of the issues that frequently arise between the main contractors and the labour subcontractors. Therefore, it is reasonable to assume that these problems tend to occur due to the usage of non-standardized formats for forming labour subcontract agreements.

Standard labour subcontract agreements can be used to manage and mitigate the risks involved in labour subcontracting. It is a common basis for contract agreements that define the rights and obligations of contracting parties. Although standard labour subcontract agreements are not a practice in Sri Lanka, different company-based bespoke forms of subcontract agreements that are not recognized as standards by the construction industry are available. Conversely, some standard labour-only subcontract forms and agreements used in international contexts were able to be identified through the literature review. For instance, both the Building Industries Federation of South Africa (BIFSA) and the Construction Industry Development Board of South Africa (CIDB) adopt standard labour-only subcontract agreements (CIDB, 2005).

Although there are two forms of labour subcontract agreements that have been identified, there was no enough literature related to the BIFSA form of labour-only subcontract. Therefore, it is only the CIDB standard labour subcontract document that is discussed within this manuscript. Similar to other standard forms of contract, the CIDB standard subcontract also initially provides the definitions and interpretations. Afterward, the contract clauses are provided under the following headings.

- Performance of the subcontract work, capabilities of labours, laws and regulations, surety, insurance, execution of the subcontract work, instructions, materials,

services provided by contractor, tools, defects, payment (progress payments and retention monies), variations, resolution of disputes, cancellation of subcontract.

### **3. RESEARCH METHODOLOGY**

As mentioned by Uyangoda (2010), a literature review is an important assessment conducted by researchers to search for existing knowledge in the relevant problem domain. It enables the authors to gain a sound understanding of the labour subcontract process in general and the existing standard forms of subcontract agreements produced by foreign authorities and their characteristics.

Desk review was basically involved in this study to collect data from existing company-based labour subcontract agreements of ten large-scale contractors, which is often considered a low-cost technique as compared to field research. A desk review was conducted for the purpose of identifying the terms/clauses as well as the gaps in the bespoke labour subcontract agreement formats and also to help build a good understanding of those agreements in order to fulfil objective No. 02 of the research. The labour subcontractor agreements collected from the ten CS1 and CS2 contractors that are currently in use in the industry were analysed by reviewing the clauses in them through a desk review.

Furthermore, the study is focused on the prevailing practices and issues of labour subcontracting in the local construction industry. Accordingly, the technique of semi-structured interviews was found to be the most appropriate data collection technique to fulfil the first objective of the research as it enables collating rich and in-depth data about current labour subcontract practices, their issues and impacts; adapting questions as relevant to the context; clarifying doubts during interviews; and ensuring the response is properly understood by giving certain indications through semi structured questionnaires.

Hence, data was collected through ten semi-structured interviews conducted across ten main contracting organisations in Sri Lanka (CS1 and CS2) with one respondent from each organization. In Sri Lanka, there are only ten organizations registered as CS1 and CS2 building contractors with the CIDA (Construction Industry Development Authority), and all of these have been taken into account for the research. According to the literature findings, it is the main contractors who are familiar with labour subcontracting procedures and consider them important for their business rather than the consultants; another reason why large-scale contracting organisations (CS1 and CS2) were selected for this study. The ten interview respondents are well-experienced professionals with substantial exposure to the labour subcontracting procedures of their organisations. The profiles of the interview respondents are presented in Table 1.

According to Fellows and Liu (2008), content analysis is helpful in determining the meaning of qualitative data, which involves the data being categorised into themes and allocating codes to them during the analysis. Hence, the manual content analysis method was adopted to analyse the data obtained from the semi-structured interviews in order to achieve the best outcome.

Table 1: The profile of semi-structured interview respondents

Company	Respondent	Description
A	MC-01	Quantity Surveyor 02 years of experience
B	MC-02	Civil Engineer 10 years of experience
C	MC-03	Engineering Assistant 04 years of experience
D	MC-04	Chief Quantity Surveyor 04 years of experience
E	MC-05	Quantity Surveyor 02 years of experience
F	MC-06	Quantity Surveyor 6.5 years of experience
G	MC-07	Project Manager 10 years of experience
H	MC-08	Quantity Surveyor 09 years of experience
I	MC-09	Quantity Surveyor 06 years of experience
J	MC-10	Quantity Surveyor 5.5 years of experience

## 4. DATA ANALYSIS AND RESEARCH FINDINGS

### 4.1 THE USE OF LABOUR SUBCONTRACTORS BY LARGE-SCALE CONTRACTORS IN SRI LANKA

In the initial step of studying current practices of labour subcontracting by large-scale main contractors, the interviewees were questioned about the usage of labour subcontractors for their construction projects and the type of work that they are employed for. By analysing the responses, it was discovered that labour subcontractors are hired for various types of work categories, as shown in Figure 1.

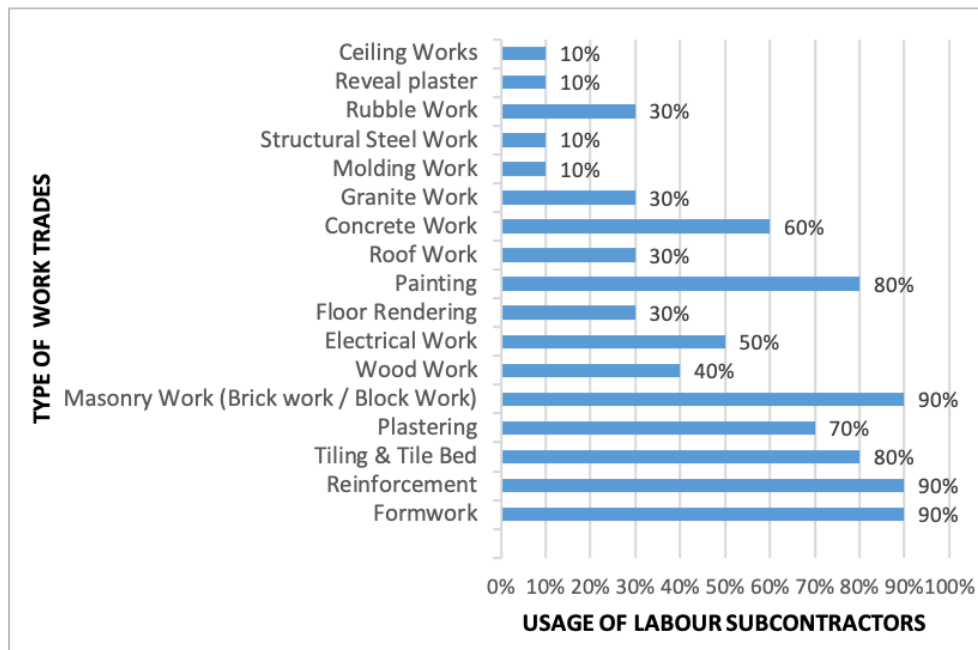


Figure 1: The use of labour subcontractors by large-scale contractors in Sri Lanka

As per Figure 1, labour subcontractors are used by 90% of CS1 and CS2 companies for formwork, reinforcing, and masonry work in their projects. Plastering, tiling, painting, concrete works and electrical works fall into the middle category, which employs labour

subcontractors. When compared to the aforementioned, other work categories (woodwork, floor rendering, roof work, granite work, moulding work, structural steel work, rubble work, reveal plaster and ceiling work) involve less use of labour subcontractors among the CSI and CS2 contractors. The interviewees confirmed that the above-mentioned work trades are fully covered by the labour subcontractors on their construction sites. It backs up Azmy's (2012) and Kadan's (2016) assertion that main contractors heavily rely on labour subcontractors to complete their construction projects since it provides them with advanced benefits.

#### **4.2 COMMON ISSUES ARISING BETWEEN MAIN CONTRACTOR AND LABOUR SUBCONTRACTORS AND THE IMPACTS OF THE ISSUES**

The industry practitioners from the ten large-scale contracting organisations who are well-versed in labour subcontracting procedures were interviewed about the issues generally they have encountered while using labour subcontractors in their projects based on their experience with respect to the previous and ongoing construction projects. The interview results from 10 respondents were analysed manually for the purpose of identifying the common issues generally arising between the main contractor and the labour subcontractor when adopting labour subcontracting procedures. Codes were identified from the interview transcripts mainly under the themes of quality-related, payment-related, disciplinary-related, safety-related issues etc. Accordingly, the codes that were derived from the interviews include:

- Quality issues in the work
- Issues related to labourers' discipline
- Leaving the authorized scope of work without completion and prior notification
- Payment issues
- Migration of subcontractor's labourers
- Safety issues (Not following the safety guidelines and procedures)
- Drugs addictions
- Staling company's materials
- Unskilled labour representation within the labour subcontract group
- Workers' lack of continuous attendance at work (labourer absenteeism)
- Requesting money in advance before their bill is being processed
- Language problems
- Labour idling
- High material wastage

According to the results of the analysis of interviews, the majority of the respondents (09 companies out of 10) highlighted the practice of non-adherence of labour subcontractors to the safety guidelines and procedures imposed by the project. Therefore, they are prone to many accidents at the site. Most respondents emphasized that payments issues and labour subcontractors' leaving the authorized scope of work without completion and prior notification are major issues when dealing with labour subcontractors. Quality issues in the work and issues regarding labour discipline also fall into the above category.

- Furthermore, the interviewees were able to point out the resultant impacts of the issues associated with labour subcontracting. A summary of the impacts derived from the interviews is below:
- The need for rework on certain items

- Delays in project completion
- Project cost overruns
- Damage to the reputation of the company and the project staff
- Disputes with adjacent neighbours
- Damages to company properties
- Disputes arising between contract parties
- Increased demand for more workers than is actually required
- Increased need for more supervisors for monitoring labour subcontract works

According to the majority of respondents, the most significant negative effects on project time and cost include safety concerns, leaving the allowed scope of work without prior notification by labour subcontractors, payment challenges, and labourer absenteeism on a regular basis.

Being concurred with the above viewpoints, additionally MC-04 and MC-05 stated that *"the migration of the labour subcontractors and labour subcontractor's trends of fulfilling the required number of labourers within the site by recruiting unskilled labours, create progress issues and quality issues."* Hence, it results in a low-quality product at the end of the project. It also badly affects the company name while resulting in delays because such unskilled workforces do require considerable time to get used to the system. Also, some completed work tends to require re-working due to the shortcomings of unskilled workers. On the other hand, such an unskilled labour force requires the main contractor to increase the number of supervisors to monitor the labour subcontractors' work and handle them as per the site rules and regulations. It also generates additional costs on the project and results in project cost overruns at the end.

According to the MC-03, *"most of the time, the labour subcontractors stop working halfway due to arguments or disputes between the contract parties that arise due to issues like payment problems, disciplinary problems, safety issues, etc."*

As expressed by the majority of the respondents, the absence of a proper disciplinary code to follow for the labour subcontractors disturbs the peacefulness of the site and the project's progress. Hence, labourers' behaviour is not at a satisfactory level. In some circumstances, the main contractor had to report to the police or seek litigation measures through the courts to find solutions to the problems caused by the unethical behaviour of the subcontractors' labourers and settle the disputes between the contract parties and the third parties. Furthermore, the contractor's staff members have had to waste their valuable time solving those problems, creating additional cost on the project and a bad image of the organization within society.

#### **4.3 THE USE OF BESPOKE LABOUR SUBCONTRACT AGREEMENTS AND THEIR DEFICIENCIES**

The interviewees were questioned about the usage of labour subcontract agreements in their projects. It was discovered that all the main contractors in the CS1 and CS2 categories already use company-based bespoke labour subcontractor agreements for recruiting labour subcontractors, which is consistent with Mbachu's (2008) assertion that all subcontractors should enter into a contractual relationship with the main contractor. Having found that such bespoke agreements are in use by all the CS1 and CS2 organizations, copies of those agreements were obtained from each interviewee to analyse



them to acquire a better understanding of the characteristics and identify the deficiencies in these agreements, which was considered to be the desk review of this study.

The desk review found that those labour subcontract agreements are available in Sinhala, English, and both languages, and Figure 2 describes the distribution of the use of language among the labour subcontract agreements by the different large-scale construction organisations in Sri Lanka.

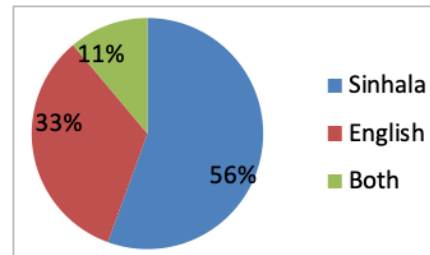


Figure 2: Languages used in labour subcontract agreements by Sri Lankan large-scale construction companies

Accordingly, it has been revealed that 56% of bespoke agreements of large contracting organizations within the Sri Lankan construction industry are based on the Sinhala language, while 33% of organizations use the English language. In addition, 11% use both languages for their labour subcontract agreements. Accordingly, it can be concluded that Sinhala is the preferred language by the main contractors in preparing subcontract agreements and there is no rule governing the use of language. Therefore, the contractors are using either Sinhala or English formats, although it leads to some understanding difficulties for the most labour subcontractors when the language is limited to English.

Aside from that, Table 2 depicts the coverage of areas within the company-based bespoke labour subcontractor agreements in Sri Lanka as revealed from the desk review.

Table 2: Key terms/clauses in company-based bespoke labour subcontractor agreements

Key terms/clauses	Company									
	A	B	C	D	E	F	G	H	I	J
Work scope	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Agreed rates and prices	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Defects of the works				✓	✓	✓		✓		
Material, tools & equipment		✓	✓	✓		✓		✓	✓	✓
Payment terms	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Contract termination	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Discipline at the site			✓		✓		✓	✓		
Services provided by the main contractor		✓	✓	✓		✓	✓	✓		
Penalties					✓		✓		✓	✓
Dispute managing			✓	✓		✓			✓	
Health and safety	✓	✓	✓	✓		✓	✓			✓
Retention clause	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Quality of the works	✓	✓					✓	✓	✓	

Key terms/clauses	Company									
	A	B	C	D	E	F	G	H	I	J
Rate of progress	✓			✓	✓			✓		
Laws and regulations	✓	✓	✓	✓		✓			✓	✓
Variations					✓	✓				✓
Insurance	✓									
Skill of the labour subcontractors	✓			✓			✓			✓

The desk review identified the key terms/clauses currently incorporated into the company-based bespoke labour subcontract agreements used by CS1 and CS2 organizations within the Sri Lankan construction industry. It was evident that different agreements cover different clauses where the majority of agreements include reasonable coverage of provisions within their labour subcontract agreements, while the others are limited to "a single page of agreement" with no attention to essential details and clauses.

As per Table 2, all the companies include a clause defining the assigned work scope, the agreed rates for the job, and the payment terms. The majority of organizations include terms/clauses in their agreements that benefit both parties, such as contract termination, health and safety, rules and regulations, retention, quality of work, services supplied by the main contractor, and the usage of materials, tools, and equipment. However, just a few have paid attention and added clauses regarding work faults, site discipline, penalties, and dispute resolution, as well as variations, rate of progress, and labour subcontractors' skills. In addition, only Company "A" had a clause on insurance, whereas the other companies failed to include it in their contracts.

In addition, the following gaps depicted in Figure 3 were identified from each company-based labour subcontract agreement through the desk review. These gaps were derived by comparing and contrasting the whole set of clauses in Table 2 with the actual coverage of clauses in each bespoke agreement.

By addressing the above-mentioned deficiencies in the existing company-based labour subcontract agreements, such as defects in the work, discipline at the site, health and safety, insurance, skill of the labour subcontractors, laws and regulations, penalties, and retention clauses, it is reasonable to presume that the issues generally arising between main contractors and labour subcontractors, such as quality issues, issues related to labourers' discipline, payment issues, leaving the authorized scope of work without completion, migration of subcontractor's labourers, unskilled labour representation within the labour subcontract group and penalties, are resolvable.

Hence, there is an exigent need to establish a comprehensive standard labour subcontract agreement that covers all the required clauses and provisions to mitigate the occurrence of common issues between main contractors and labour subcontractors.

## 5. CONCLUSIONS

This study provided an overview of the labour subcontracting practices and deficiencies in the bespoke labour subcontracting agreements within the CS1 and CS2 main contractors in the Sri Lankan construction industry. As far as labour subcontracting is concerned, it was identified that adopting non-standardized formats for forming labour

subcontract agreements has been the common practice among large-scale contractors in Sri Lanka.

Company-A	Company -B	Company-C	Company-D
<ul style="list-style-type: none"> <li>•Defects of the works</li> <li>•Material, tools &amp; equipment</li> <li>•Discipline at the site</li> <li>•Services provided by the main contractor</li> <li>•Penalties</li> <li>•Dispute managing</li> <li>•Variations</li> </ul>	<ul style="list-style-type: none"> <li>•Defects of the works</li> <li>•Discipline at the site</li> <li>•Penalties</li> <li>•Dispute managing</li> <li>•Rate of Progress</li> <li>•Variation</li> <li>•Insurance</li> <li>•Skill of the labour subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>•Defects of the works</li> <li>•Penalties</li> <li>•Quality of the works</li> <li>•Rate of Progress</li> <li>•Variation</li> <li>•Insurance</li> <li>•Skill of the labour subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>•Discipline at the site</li> <li>•Penalties</li> <li>•Quality of the works</li> <li>•Variation</li> <li>•Insurance</li> </ul>
	Company-I	Company -J	
	<ul style="list-style-type: none"> <li>•Defects of the works</li> <li>•Discipline at the site</li> <li>•Services provided by the main contractor</li> <li>•Health and safety</li> <li>•Rate of Progress</li> <li>•Variation</li> <li>•Insurance</li> <li>•Skill of the labour subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>•Defects of the works</li> <li>•Contract termination</li> <li>•Discipline at the site</li> <li>•Services provided by the main contractor</li> <li>•Dispute managing</li> <li>•Retention clause</li> <li>•Quality of the works</li> <li>•Rate of Progress</li> <li>•Variation</li> </ul>	
Company-E	Company -F	Company-G	Company-H
<ul style="list-style-type: none"> <li>•Materials, tools &amp; equipment</li> <li>•Services provided by the main contractor</li> <li>•Dispute managing</li> <li>•Health and safety</li> <li>•Quality of the works</li> <li>•Laws and regulations</li> <li>•Insurance</li> <li>•Skill of the labour subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>•Discipline at the site</li> <li>•Penalties</li> <li>•Quality of the works</li> <li>•Rate of Progress</li> <li>•Insurance</li> <li>•Skill of the labour subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>•Defects of the works</li> <li>•Materials, tools &amp; equipment</li> <li>•Dispute managing</li> <li>•Rate of Progress</li> <li>•Laws and regulations</li> <li>•Variation</li> <li>•Insurance</li> </ul>	<ul style="list-style-type: none"> <li>•Penalties</li> <li>•Dispute managing</li> <li>•Health and safety</li> <li>•Laws and regulations</li> <li>•Variation</li> <li>•Insurance</li> <li>•Skill of the labour subcontractors</li> </ul>

Figure 3: Deficiencies in currently used company-based labour subcontractor agreements

As a supplementary method of data collection, ten semi-structured interviews were conducted among ten CS1 and CS2 contracting organizations in Sri Lanka, which helped to identify the labour subcontracting practices in Sri Lanka along with common issues between the main contractor and the labour subcontractor. The various types of work that labour subcontractors are involved in under large-scale contractors' building projects include formwork, reinforcement, tiling, plastering, masonry work, wood works, electrical work, floor rendering, painting, roof work, concrete work, granite work, moulding work, structural steel work, rubble work, reveal plaster, and ceiling work. Furthermore, quality issues in the work, issues related to labour discipline, leaving the authorized scope of work without completion and prior notice, payment issues, migration of subcontractors' labourers, safety issues, delay in completing the authorized jobs, drug additions, stalling company materials, and unskilled labour representation within the

labour subcontract group were revealed as the common issues between the main contractor and labour subcontractors.

Then a desk review was conducted for the purpose of identifying the terms/clauses as well as the deficiencies in the company-based bespoke labour subcontract agreements collected from CS1 and CS2 contractors. The assigned work scope, the agreed rates for the job, and the payment terms are the only clauses that all the companies have properly mentioned in their company-based agreements, while the others vary between the companies. Defects in the work, materials, tools and equipment, contract termination, discipline at the site, services provided by the main contractor, penalties, dispute management, health and safety, retention clause, quality of the work, rate of progress, laws and regulations, variations, insurance, and skills of the labour subcontractors were identified as the deficiencies in the company-based bespoke labour subcontract agreements.

Therefore, it is reasonable to state that there is a critical need for a comprehensive standard form of labour subcontract agreement to be developed for the Sri Lankan construction industry in order to minimize the conflict between parties and provide some important benefits to both labour subcontractor and the main contractor. The next phase of this research has continued to develop a comprehensive outline for a standard labour subcontract agreement for the Sri Lankan construction industry, which will be published in the near future.

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