

**DEPARTMENT OF QUANTITY SURVEYING  
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**THE IMPLEMENTATION OF RISK MANAGEMENT TOOLS  
AND TECHNIQUES IN LOCAL CONSTRUCTION  
COMPANIES IN MALAYSIA.**

Dissertation submitted in partial fulfilment  
of the requirement for the award of  
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## **ABSTRACT**

Risk management has become an integral aspect of a company's operations. Its major goal is to assist all other management operations in directly and effectively achieving the organization's goals. Systematic risk management entails anticipating the unexpected, or it is a technique that aids in the management of hazards. Project's goal in construction is to present a basic, practical way of finding, analysing, and resolving conflicts, monitoring and management of risk in an organised and informed manner. Construction professionals must understand how to balance risk contingencies with contractual, financial, operational, and organisational needs. Risk management involves identifying construction risks and exposures, will give an effective risk management plan to limit the chance of loss risk is part of the risk management process. Many construction professionals face hazards and are unaware of the possible impacts that other related issues may have on their business operations. Due to this scenario, this dissertation is mainly focused on current tools and techniques in risk management in a construction project. Apart from that, it is also to determine the factor of selection tools and techniques of risk management. The method used was a questionnaire survey to the construction contractor Grade 7 registered with CIDB in the Kuala Lumpur area. The research showed that Malaysian contractors are slowly accepting risk management as a management tool that will help in managing the construction project effectively and successfully. From the research it can also be concluded that risk management still has a long journey to be accepted and recognised in the Malaysian construction industry.

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# CHAPTER ONE

## INTRODUCTION

### 1.0 BACKGROUND OF THE STUDY

The construction industry is one of the key drivers of economic growth (Adeleke, 2019). This industry contributes to people by providing jobs and increasing employment opportunities. Kritikos (2014) reported that Malaysia is classified as the world's rapidly developing economy in construction activities. Malaysia has played critical roles in the construction sector in recent years, both for economic growth and to improve the quality of life and living standards of Malaysians (Khan et al., 2014). The construction industry plays an important role, with most job activities being performed to meet the ever-increasing demand. Construction development is one of the most critical activities that may improve the business of many sectors, therefore boosting the country's gross domestic product (GDP). It generated between 3% to 5% of the whole economy's GDP during the previous two decades (Omer & Adeleke, 2019).

However, construction industries are more susceptible to many risks when compared to other sectors. In general, construction projects require enormous turnover rates, resources, and professionals from different fields and skills, and they are interrelated to each other. This industry is known as riskier compared to other sectors. Construction is usually exposed to many risks, like quality, cost, and time, that might affect their performance towards the aim and project goals (Rahman & Wan, 2015). Besides, the number of industry parties involving contractors, clients, subcontractors, architects, and engineers is significant (Bamgbade et al., 2019). So, the mistake may occur in any aspect of each party. There are six (6) types to classify the risk in construction: natural risk, physical risk, financial and economic