

**DEPARTMENT OF QUANTITY SURVEYING  
FACULTY OF ARCHITECTURE, PLANNING & SURVEYING  
UNIVERSITI TEKNOLOGI MARA  
PERAK**

**RISK MANAGEMENT IN TENDERING PROCESS  
AMONG CONTRACTORS IN KELANTAN**

**Final Project Submitted in partial fulfillment  
Of the requirement for award of  
Bachelor of Quantity Surveying (Honours)**

**PREPARED BY: MUHAMAD SHAHMIL BIN SHAFIAI (2017488616)  
SEMESTER: MARCH – JULY 2019**

## **ABSTRACT**

Risk and uncertainty inherits in all construction projects, regardless its size. Previous studies show that the risk exposure is at its highest level during the tendering process and it is therefore vital to examine how risk management tasks are performed during this process. The aim of this paper is to identify the technique used in managing risk in tendering process to the contractors in Kelantan. The objectives are to identify the possible risks that may occur in tendering process, to determine the awareness level of contractors on tendering process risk and to identify the effective technique in managing risks in tendering process. This research was conducted based on thorough review of the literature review and a quantitative method using questionnaires as an instrument, which was distributed among the G6 and G7 contractors in Kota Bharu, Kelantan. A total of 100 respondents were involved in the questionnaire analysis. The average mean was analysed using the Statistical Package for the Social Science (SPSS) version 21.0. The result from the SPSS had successfully assigned average mean to all objectives. From the results, all the respondents strongly agreed that they faced difficulties when it involved design changes. Besides, all respondents agreed that they implements risk managament practices but are not as encouraging in developing countries. The result of this study are beneficions to the contractors to become aware of implementation of risk management techniques in construction.

## **ACKNOWLEDGEMENT**

With high gratitude to Allah S.W.T. who gave me the ideas and physical strength in preparing this final project/dissertation. Completion of a project of this nature requires more than just the efforts of the author. I wish to express my gratitude to the persons and all parties who responded to the survey and also offered their invaluable contributions in carrying out this final project/dissertation.

First of all, I would like to express my appreciation and acknowledgement to my supervisor, who has given me guidance and unfailing support and contribution of ideas in preparing this final project/dissertation. Also a special thanks for her insightful supervision, encouragement, thoughtful criticisms throughout the research and her creative suggestions.

My gratitude also goes to all those who agreed to be interviewed, formally and informally and gave me the benefit of their knowledge, views and experience. I am also indebted to all my friends for their moral support and encouragement during the preparation of this final project/dissertation.

Finally, I would like to thank my beloved parents and family members, who never stop giving me their encouragement and full support in order for me to complete my final project/dissertation. Thank you for all the understanding given to me when I really needed it.

Thank you.

## **TABLE OF CONTENTS**

| <b>TITLE</b>                             | <b>PAGE</b> |
|------------------------------------------|-------------|
| <b>DECLARATION</b>                       |             |
| <b>ABSTRACT</b>                          | <b>i</b>    |
| <b>ACKNOWLEDGEMENT</b>                   | <b>ii</b>   |
| <b>TABLE OF CONTENTS</b>                 | <b>iii</b>  |
| <b>LIST OF FIGURES</b>                   | <b>viii</b> |
| <b>LIST OF TABLES</b>                    | <b>x</b>    |
| <b>LIST OF ABBREVIATION</b>              | <b>xii</b>  |
| <b>CHAPTER 1:OVERVIEW OF THE CHAPTER</b> | <b>1</b>    |
| 1.1 Introduction                         | 1           |
| 1.2 Problem Statement                    | 3           |
| 1.3 Aim of the Research                  | 5           |
| 1.4 Research Objectives                  | 5           |
| 1.5 Research Questions                   | 5           |
| 1.6 Scope of Work                        | 6           |
| 1.7 Research Methodology                 | 6           |
| 1.8 Limitation of Study                  | 7           |
| 1.9 Tentative Chapter Headings           | 8           |

# **CHAPTER 1**

## **OVERVIEW OF THE CHAPTER**

### **1.1 INTRODUCTION**

Before risk can be handled, it is vital to know exactly what the risk is all about. In all construction projects, risk and uncertainty are inherent, regardless of their size (Carr and Tah, 1999; Abdul Rahman Ayub, Nordiana Mohd Isa and Ilias Said, 2007). Building projects are perceived to have more inherent risks due to the involvement of many contracting parties, such as owners, designers, contractors, subcontractors, suppliers, etc. (PMI 2004). This is mainly due to the complex nature of building business activities, processes, environment and organization (L.M.Khodeir and A.H.M.Mohamed, 2013). Parties involved in the construction industry face unforeseen and unfavorable factors on a regular basis (Akintoye and Macload, 1997). Examples of sources of risk and uncertainty in construction projects include worker performance, material supply delays, material quality, project budget and cost control, and the complexity of project procurement process.

Risk is defined as known and unknown hazard that could trigger a project to have a positive or negative impact (Dictionaries, 2014) and also defined as loss / gain exposure or the likelihood of loss / gain occurrence multiplied by their respective magnitude. Events are said to be certain if their likelihood of occurrence is 100% or wholly uncertain if the likelihood of occurrence is 0% (S. Iqbal, R. Choudry, K. Holsmatcher et al, 2015). Risk can be explained as an event that affects objectives, has a positive or negative outcome, and occurs in micro and macro environments. Risk management is a system aimed at identifying and quantifying all risks to which a business or project is exposed so that a rational decision on how to manage the risks can be made (Markmann et al. 2013).