

UNIVERSITI TEKNOLOGI MARA

**INEFFECTIVE IMPLEMENTATION
OF RISK MANAGEMENT AMONG
SUB CONTRACTORS IN
NORTHERN AREA**

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ABSTRACT

Construction industry is known as a high-risk activity as due to the nature of its work. It is crucial to manage the risk by all levels of multidisciplinary operations. Construction activities are exposed to hazardous situation and an unpredictable incident during the execution of the project. Any unwanted incident would contribute to project failure or delay. One of the main issues triggered by sub-contractors task is the failure to effectively manage the risk caused by main contractors. This research, therefore, aims to assist sub-contractors to overcome this situation. This study has developed three (3) objectives; (i) to identify the factors that contribute to ineffective implementation among Sub-Contractors, (ii) to determine the impacts due to ineffective implementation risk management and (iii) to propose the strategy to overcome the ineffective implementation of risk management. The research methodology adopted was the questionnaire survey analysis based on 300 respondents from sub-contractors among G1 to G4 in the northern state of East Malaysia. Findings show that there are four (4) significant factors that contribute to ineffective implementation of risk management among subcontractors namely lack coordination between parties, slow information between parties, accessibility of material and unclear goals. In addition, eight (8) criteria are impactful to the project due to failure in implementing proper risk management. These criteria are plant and machineries cost, waiting approval from authorities, contractor late site possession, material delay to site, unexpected bad even happened, insufficient resources, failure to adhere to SOP and improper supervision. Lastly, respondents agreed that there are ten (10) criteria that could improve risk management among subcontractors in northern Malaysia: effective site management and supervision; experienced contractor; good feasibility studies; understanding of the project before the execution; thoroughly investigate vendor capabilities; frequent progress meeting; frequent coordination between parties; sufficient allocation of resources; keeping project in the right path and proper identification of risk. By identifying the risk before executing a project the contractor will be able to minimize or mitigate a lot of challenges and problems that they face.

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CHAPTER ONE

INTRODUCTION

This chapter introduces the background and the rationale for this study. It also provides a brief overview of the literature review and the theory underpinning the research and the methodology used to explore the research question.

1.1 Introduction

Construction industry is one of the industries that is naturally highly risky and uncertain. In construction projects, the three goals of cost, time and quality are highly subjective. Most major problems that occur in construction projects are caused by ineffective implementation of risk specifically the ineffective risk analysis that could put any construction projects in danger. Implementation of an excellent risk management is crucial in construction industry because it will determine the success or failure of the project. Thus, the purpose of this study is to provide a better understanding of the effective implementation of risk management practiced by sub-contractors in Malaysia.

The main problem to be highlighted in this research is that the lack of risk management, specifically the ineffective risk analysis could put construction projects in danger. Risks cannot be eliminated, but by applying the principles of risk management, practitioners are able to improve, minimize or mitigate the ineffective implementation of risk management. Implementation of a good risk management is very important in construction industry because it will determine the success or failure of a project. Construction projects are inherently complex, and they involve multiple feedback processes. Due to the rapid change in technology, environment and inflation, effective risk management implementation is a management tool that the construction industry cannot afford to ignore. As risks are inevitable, they must be recognized, assessed and managed well. A successful construction project must meet the expected level of quality, time, and cost. An effective implementation of risk management has to be integrated and aligned so that the people who are part of a construction project will perform their work efficiently, effectively, and safely.