ASESSMENT OF RISK MANAGEMENT
IN GOVERNMENT CONSTRUCTION
PROJECT

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I/We* hereby declare that I/We* have checked this thesis/project* and in my/our* opinion, this thesis/project* is adequate in terms of scope and quality for the award of the Bachelor Degree of Civil Engineering

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I hereby declare that the work in this thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Universiti Malaysia Pahang or any other institutions.

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ASSESSMENT OF RISK MANAGEMENT 
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ABSTRAK

ABSTRACT

The success of managing the risks affects the success of construction projects. The problem of delays in the construction industry is a global phenomenon and the construction industry in Malaysia is no exception. One of the reason is due to incompetent contractor selected. The main purpose of this study is to assess the risk management that exists in contract procurement. This study takes an integrated approach by analyzing the criteria for selection of main contractors for construction projects. Analysis is made on the following documents, namely; MOF Tender Assessment Guideline, Power Source, Principles and Government Procurement Policy (PK 1) and Contract Administration in Government Procurement to identify existing risk management before construction commences to minimize risks in construction work. The results show that risk management has already occurred at the tender process stage to select a competent contractor for a project. There are actions that can control the risk of failure of the construction project as early as the selection of contractors. The action is structured in the form of policies, procedures and practices. Those actions can control the following risks: (1) cash flow difficulties, (2) bureaucracy, (3) delays in project approval and permits, (4) excessive contract variations, and (5) poor supervision. All of these actions are under the finance category and politic and contract provisions category.
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<tr>
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CHAPTER 1

INTRODUCTION

1.1 Introduction

The construction sector was the main contributor to the GDP at 9.9%, followed by manufacturing (7.3%), agriculture (7.1%), private consumption (6.5%) and petroleum and mining (2.1%) (Thestar.com.my, 2014). Based on figure 1.1, Malaysia GDP from construction graph is fluctuated but it is increased to 14093 MYR Million in the first quarter of 2018 from 13352 MYR Million in the fourth quarter of 2017. GDP from Construction in Malaysia averaged 10269.76 MYR Million from 2010 until 2018, reaching an all-time high of 14093 MYR Million in the first quarter of 2018 and a record low of 6464 MYR Million in the first quarter of 2010.

![Figure 1.1 Bar chart of Malaysia GDP from construction](source)

However, the failure of the construction project to achieve targeted time, cost and quality that has been stated in the contract especially for government project has become an issue. Changes in material price, changes in exchange rate, inflation, weather changes, inappropriate and inadequate procurement, inadequate client’s finance and payment for completed work, problems with subcontractors, faulty contractual management system, equipment availability and failure, mistakes during construction stage and contractor’s poor site management can be the main factors for the failure of the project.
Figure 1.3  Average price of construction material (RM) vs construction material

Figure 1.4  Workers wage rates (RM) vs selected occupations
REFERENCES


