

ABSTRACT

This research is conducted with main purpose of recognizing the most occurring risk factors in construction projects of petroleum industry in Malaysia. It is also done to emphasize the importance of risk management and give some suggestion to improve it based on the analysis of the current practice in the country. At present, stakeholders worldwide are calling for enhanced risk management in petroleum industry activities due to the fact that it needs enormous number of investment money as well as extensive period of time to perform its highly risk operations. Moreover Petronas as an important contributor of Malaysia economy and as company which intends to be a leading global player in the business shall keep improving its activities in term of quality and efficiency, thus its risk management as well.

Risks to be identified are the ones that may exist in the projects owned by petroleum operator company, Petronas. Therefore survey is conducted to attain necessary data for the study using questionnaires distributed to the upstream subsidiary company of Petronas and the contractor partners working in Petronas' downstream project in Malaysia. Picking out the major project risks occurring in the country and an analysis upon them are carried out based on the rank. These are then followed by developing possible suggestions to mitigate the analysed risks and its improvement measures.

The most often occurring risk factors have been identified based on the survey tests performed in the study, they are: bureaucratic government system & long project approval procedure, design changes, late internal approval process from the owner, delay in signing contract, inadequate coordination among contractors, inefficient & poor performance of constructors and lastly the increase of equipment cost.