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Current risk management strategies that are being used by construction companies in South Africa

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ABSTRACT

Construction companies in South Africa experience a lot of risks. The majority of construction risks in South Africa emanate from insufficient scope definition, poor quality management plan, poor health and safety plan and poor environmental management plan. These risks consequently result in schedule overruns, cost overruns, poor quality of construction product and loss of lives. Construction contractors put control measures or risk management strategies to manage construction risks. Risk management strategies are plan of action which are implemented by construction companies specifically to manage risks that cause deviations or undesirable effects on the construction project. Risk management strategies are long term plan of actions for management of construction risks. On the other hand, risk response strategies are short term responses to construction risks. Risk response strategies are a subset of risk management strategies. For example, construction companies implement risk management strategy by employing competent employees to manage the risk of poor contract administration. Insurances and bonds are risk responses strategies. From the findings the current risk management strategies that are being used in Gauteng Province (South Africa) construction industry are employing of competent professionals especially those registered with Engineering Council of South Africa (ECSA) or South African Council for Project and Construction Management Professions (SACPCMP), training of employees on the job to make sure that there is succession plan in case one of their key employees leaves or dies, preparation of quality management plan which outlines the process that are involved in construction quality management and quality control measures, preparation of a detailed programme of works, preparation of health and safety plan, choice of the suitable form of construction contract, careful selection of a contract procurement strategy and preparation of environmental management plan, compliance with statutory and regulatory requirements, use of insurance and bonds to protect their work from weather related risks and other risks associated with construction work, contract price adjustment which is used on projects that take longer than one year to finish and the type of project delivery method that is being used by both the client and the contractor to deliver a project.

Keywords:

Risk management, risk analysis, risk response, risk management strategies, risk register, cost overruns, schedule overruns, quality management, health, and safety