

CHAPTER I

INTRODUCTION

1.1. Background

Along with the development of modern society, the need of a variety of life supporting facilities has also increased. This is reflected by the increasing intensity of development of infrastructure facilities in various sectors ranging from energy systems, highway transportation, office buildings and schools, to telecommunications, houses of worship and clean water services networks, all of which require the reliable support infrastructure. With a broad range of public services, then the role of infrastructure in supporting the dynamics of a country becomes extremely important.

Is a common thing when we linked the economy growth and development of a country with the growth of infrastructure in the country. Various reports the world organization like the World Bank, stressed the important role of infrastructure in the country's development, and how the countries in the world to invest in the sector (Faye and Yeppes, 2003). Unfortunately the construction of infrastructure as well, as with construction projects other, always overshadowed by the risk of failure. The greater the infrastructure projects handled, the greater the risk challenges. Studies conducted at the University of Aalborg (Flyvberg *et al*, 2003) showed that in the history projects of large-scale infrastructure (known as

megaprojects) the potential danger of cost overruns and other risks. However, this does not seem to hinder the government and public decision-makers to continually invest in infrastructure projects large.

Today, the role of public services through investment in infrastructure has gradually shifted from the dominant role of government to private sector participation. The heavy burden of funding for new construction and maintenance of infrastructure facilities can not be addressed by the government's ability to balance the needs of a growing infrastructure. Increment certainly have an impact on the changing role and the consequences (risks) faced by each party infrastructure development actors.

In Indonesia, increased private sector role in infrastructure development sectors through various funding schemes and cooperation (project financing) must be followed by awareness of potential risks and appropriate skills in managing. In this context, analysis and risk management in projects of infrastructure development have been started, although in general is still very limited to economic aspects and funding alone. And the hat is certainly not enough. The actors in the infrastructure projects should also be able to apply risk management in all aspects of the project, including the risks involved in the construction phase. In construction projects there are many risks where the risks are very various. On risk management is required to give priority to the risks is important before starting a construction project. In addition, it is also important to determine the appropriate allocation of risk in order to reduce loss costs, time and quality due to such risks.

1.2. Problem Statement

How to identify the implementation of risk management in construction companies in Yogyakarta?

1.3. Research Objectives

Identify the risk management in construction companies in Yogyakarta.

1.4. Research Scope

1. Respondents limited to construction company in Yogyakarta
2. Management is limited to management issues and corporate organization