

## CHAPTER I

### INTRODUCTION

#### 1.1. Background

The development of construction industry in Indonesia is more complex related to the regulation of new standards, new technologies, and owner desirability that always want to make construction effectively and efficiently followed with satisfying result. These cause ready mix concrete companies to emerge later, especially to support a concrete construction. However, economic crisis that attacked Indonesia in the late 1997 had made condition where construction industry market become decreased more and more competitive as well with the ready mix concrete companies.

For ready mix concrete company, efforts searching to reduce risks factor that occur because of that condition is one way to survive in regional market. In fact, ready mix concrete in construction project can be one of most effective way as it accelerates concrete pouring, it doesn't need certain place to stock material on project site, etc.

Nevertheless, in order to do this effort, also found risks factor that can affect success level from a ready mix concrete company. Between all risk factors, some of them are related with production, logistic, finances, and marketing. Those risks that are dealt with may disturb ready mix concrete company business fluency; even it may bring the company to a loss. The size of loss depends on the size of risks that are dealt with. If the risk is big then the company is threatened by

a big loss too. So does the opposite, if the risk is small then the company is threatened by a small loss. Risk in a company basically cannot be removed and it can influence productivity, shape, quality, and cost of a company (Kangari, 1995).

To manage and reduce effects from those risks, a strategy is developed, called risk management. Considering nowadays condition in Indonesia, risk management could be one of most important strategy that can manage risks factor exist.

### **1.2. Problem Statement**

This research will cover the problems of:

What is the best way to manage risk management in a ready mix concrete company, especially at operational sector?

### **1.3. Problem Limitation**

In order to limit the problems, limitation is needed for this topic. This topic concerns about to find risks, to analyze them and to found methods facing risks at operational sector, at three ready mix concrete companies in Yogyakarta and surroundings. Companies that are being observed are PT. Jaya Alam Sarana Beton, PT Karya Beton, and PT Jaya Ready Mix. While operational sectors that are being researched is following:

- 1) Production sector
- 2) Logistic sector
- 3) Finance sector
- 4) Marketing sector

#### **1.4. Expected Benefit of the Study**

- 1) For ready mix concrete company:

The benefit of this study is to assist the company to realize risks that may occur, to know how to avoid and to find solutions for those risks.

- 2) For observer:

This research end result could be reference for next research about risk management at operational sector of ready mix concrete company, therefore far-ranging knowledge could be obtained.

#### **1.5. Objective of the Thesis**

The objective of this thesis is to identify how to manage risk management at three ready mix concrete companies, as following:

- 1) To identify and to evaluate (to measure its frequency and effect) from each risk that occurs at a ready mix concrete company.
- 2) To select a method and to implement the method chosen.
- 3) To control risk management with comparison between planning and actual.

#### **1.6. Outline of the Thesis**

This thesis is divided into five chapters. It consists of introduction, literature review, research methodology, data analysis and discussion and the last one is conclusion and recommendation.

The first chapter of this thesis is introduction. It is divided into six subchapters which are background of the study, problem statement, problem limitation, expected benefit of the study, objective of the study, and the last one is outline of the thesis.

The second chapter is literature review that contains literature study which supports the thesis.

The third chapter is research methodology. It talks about how to collect and analyze the data for this thesis.

The fourth chapter is data analysis and discussion. It talks about the data analysis from the data that have been obtained before and discuss.

The fifth chapter is conclusion and recommendation. It contains the conclusion of the thesis and the recommendation to encourage this thesis.

