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Analysis of Multidimensional Risk and Management Models for Civil Constructional Projects

Han PhongHuynh[1,]

[1]*Faculty of Civil Engineering, Mien Tay Construction University, Vinh Long, Vietnam*

[a]*phone: 0931786 788*

***Abstract*:**This research presents a technique for assessing the primary risks involved in complicated projects by using three different degrees of information as well as three different characteristics of risk classification. In order to construct a risk map of project that incorporates organisational with coordinates of operations, technique identifies and categorises the important risks, primary uncertainty sources, having most exposed stakeholders, activities associated with project. Risk allocation evaluation pertaining to every component of projects consisting of management and contractual consequences. These implications make it possible to identify the areas of the project that are influenced by potential risk overload and to effectively specify efforts to mitigate that risk. It is possible to utilise the model with varying degrees of detail depending on how far along the project has gotten. The feasibility of the idea was evaluated by the execution of a hazardous engineering and building project.

Keywords: *Risk ; Risk Analysis ; Break down Structures ; Projects ; Life Cycle*

1.Introduction

The economics and EU expansion [1] generate challenges about providing more efficient services. This requires constant business and construction risk management. Risks accompany construction projects. In each step, the Principal must decide what risks to fight and how much it would cost. Risks Costs, measures, and measure costs must be recognized to avoid repeat errors. Real estate developers must take significant risks for all ventures. Rarely planned risk expenditures reduce a company's profit margin. Risk management [2] is important to minimize or avoid unnecessary costs. Construction projects include planning, execution, and operation. Recurring actions in these Phases may assist identify dangers so project-specific and recognised concerns may be appropriately evaluated. Important are implementation and realization.

In the past, damage claims [3] needed actual building damage or loss, but today they're often made for flaws that haven't caused damage or loss. Increased demands for consequential expenditures and other financial biases incurred by the contractor, e.g. insufficient contractual penalty limitations, faults in contract collaboration, inaccuracies in invoice verification. Architects and engineers should include risk management into project management.

Recently, analysis of risk [4] played a rising amount of essential part with project management, as demonstrated with institute of Project Management Institute PMBOK Guide four years post second milenia. Because of universal validity in risk as an unknown occurrence that might affect project success. Managing project risks improves project costs, timeliness, and quality.

Briefly, project risk control is project control. This belief has stimulated analysis of risk development approaches as well as processes, with even increase in demands. Along with synonym of risk, we address an idea of uncertain source [5]. Pertaining to every event of risk, originating our of risk main-cause along an continuous cascading events occurring at intermediate levels, occurrence probability P may be described as, M being impact magnitude, with E as exposure (assumed measure of deviation out of result predictions), evaluated as probability of occurrence multiplied with magnitude of impact. Risk may behave as a danger or an opportunity, hence its magnitude can be positive or negative. Risk identification, risk management Start-up system, mitigation action planning, quantitative and qualitative analysis, control and risk monitoring Each phase uses different methodologies. Check-lists, Brainstorming, Delphi methods and Diagramming Techniques, were utilized in finding out risks which carries potential to deviate result of projects, matrix of Impact-Probability [6] pertaining to analysis of qualitative methods, and simulation methodologies deployed for project prototypes (models of networks) aiming at analysis of quantity. Risk sharing, Risk mitigation/avoidance, risk acceptance or risk transfer, with an appropriate possibility plan are typical mitigating measures [7].

Effective project risk analysis requires [8]:

1. It is necessary to identify uncertainty source, risk owners and impacted activities, along with fraction assigning of total project of risk aimed at every element. So as to effectively contract risk shared between stakeholders of projects, allocating risk at different owners of risks is crucial.

2. Methodological approach is needed to integrate 2 main parts of risk analysing: biggest risks that may eventually effects important influence and usual deviation of projects parameter, even singularly, with project results.

3. Full life-cycle of the system (including operation and maintenance) must be considered;

4. It's important to distinguish amongst risk analyzing while project's conceptual conditions, when project's constituent is being established, with execution phase, when contractual constituent gets freezed.

We offer a multilevel, multidimensional approach to assess with handling important risks of projects. Models extends Risk Breakdown Structure (RiBS) [7] by merging Organization Breakdown Structure (OBS) with Work Breakdown Structure (WBS) thereby addressing project life cycle.

2.Materials and Methodology

Prototypes examines project risks with different degrees of information based with life-cycle phase of projects. First level, dubbed context levels, examines risks from a strategic perspective during early project's stages, taking outside stakeholders into consideration. Within contracting and engineering sector, such levels is phase of bid preparing [9], where project's perspective remains extremely synthetics, even though a project life cycle view is needed. Major context hazards exist at this level.

Moving to second level of risk analyzing out of first entails rewarding deals, or contractually allocating risk to each project stakeholder. Once contracts are granted, the strategic context can only be changed by contract revisions. The second level, dubbed business level, plans project operations based on contractor's quota of risk. Internal to dealers company, owners of risk maintaining at such phase is focused on project's result. Major corporate hazards are examined here. Third-level risk analysis involves thorough project planning.

Such precise blueprints aren't accessible within project's starting early stages, however were produced like needed. Level of analytical approaches examines risk connected with usual deviation within project's characteristics, such as project activity time. By using appropriate models, such as simulated techniques deployed on prototypes of network for duration variability, entire project incurs technical performance and , time variability may gets evaluated. whereas analytical prototypes are accessible within literature having employed in business, this is not applicable with reference to company and context levels, in which assigning of risk to project's stakeholder were crucial. Hierarchical breakdown structures may be used to describe context and business hazards [10]. RiBS (which identifies uncertainty sources), WBS (that detects behaviour influenced by risk and work packages), OBS are most useful for risk analysis (identifying owners of risk). Pertaining to every structures like these, project-appropriate generic structures might be suggested [11]. RiBS is sub classified depending on kind of risk at level of context (shown in Figure1) along with types of risk having source of uncertainty at firm strata. Context-level WBS stages and processes (Figure2). Dividing computational procedures in activities, work packages, and deliverables yields a contractor's WBS. OBS considers external and internal context stakeholders but just internal business stakeholders. Once the project is broken down hierarchically, the model summarising project principal risks may be built by intersecting RiBS, WBS, and OBS.

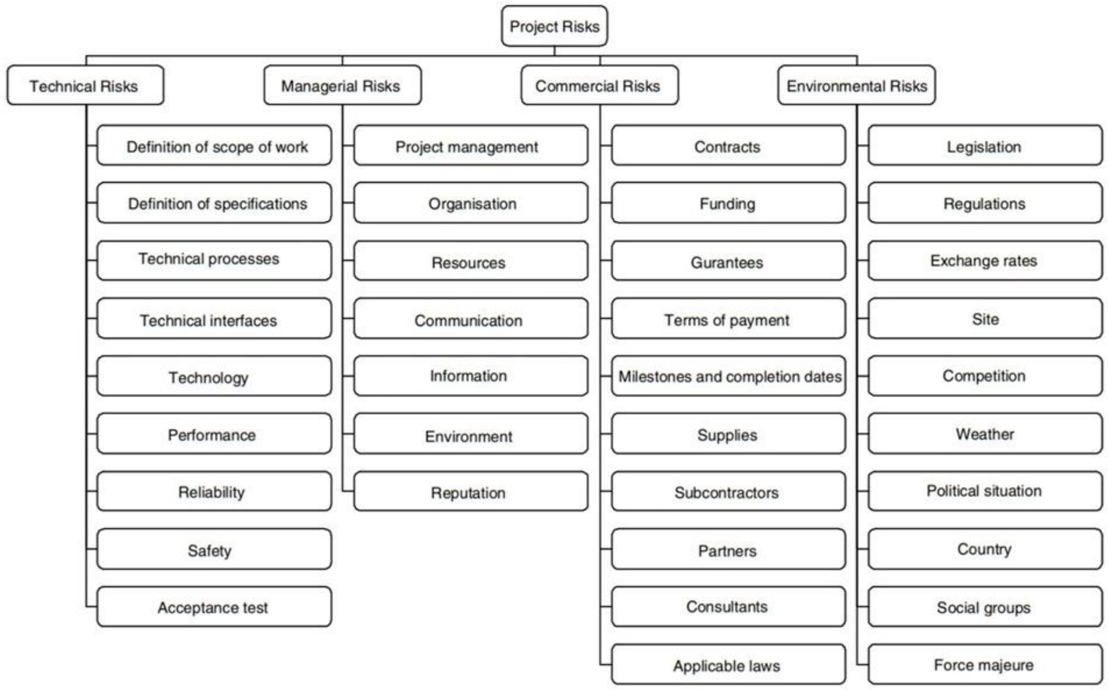

Fig.1. RiBS at company level.

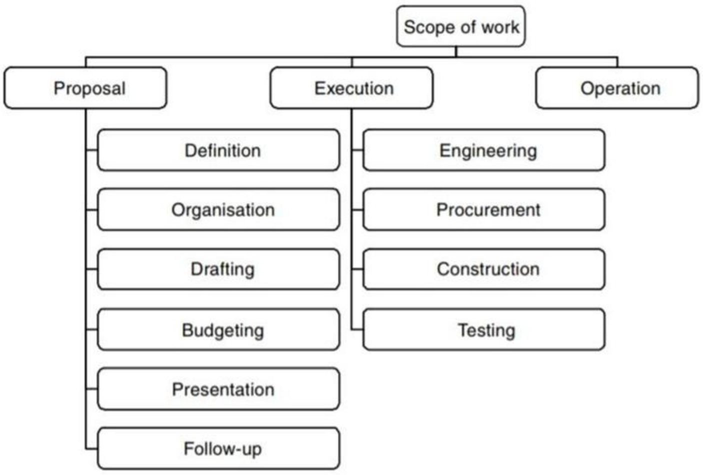

Fig.2. WBS at context level.

Three infrastructures forms 3-dimensional spaces dubbed as cubes of risk cube where every event of risk characterised through points associated with coordinate: risk owner, involved work item, source (Figure3). Multidimensional prototypes helps us to detect circumstances where a lone source was accountable to huge hazards, Lone package of work was too crucial, or singular stakeholders bears an enormous volumes of risks.

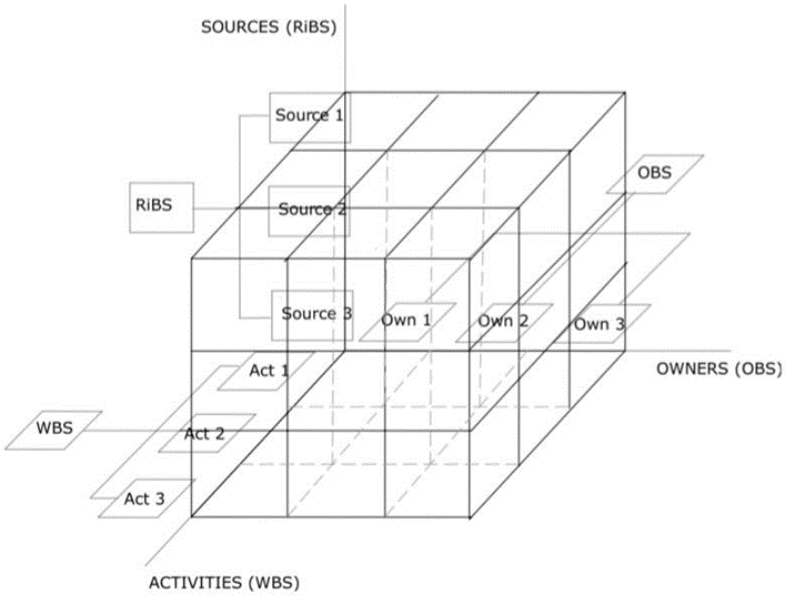

Fig. 3. Risk cube.

Map of project risk map having operational and organisational coordinate may serve as project's principal management and contractual control board. It also lends itself to software assistance, such as a risk database. Information technology overcomes the model's dimension constraint. By collapsing one of the three axes, two-dimensional layouts may be produced from the risk cube. Figure5 depicts model's general structure. cube of risks can get deployed at primary 2 level, company and context; with 3rd level, conventional project prototypes, analytical, including network models, can be utilised to examine and summarise project parameter variability. Each level depicts a magnified version of last (2nd level analyses part of risks on primary level, whereas 3rd level analyses deeply regarding personal risk on 2nd level). Before real analysis of risk, that begins with analysis of context risk early in projects area, various project scenarios, or significant consideration regarding context of project, should get analysed. When such hypothetical situations change, so does project's risk cube. The risk cube is analysed in either single or more than one conditions. With deals and engineering, a typical situation can get omited forced majeure situations which may derail a project.

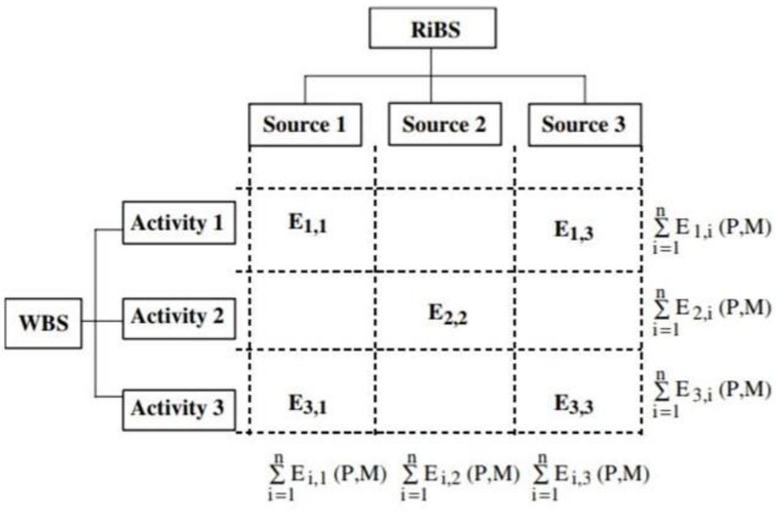

Fig. 4. RiBS-WBS intersection: 2-dimensional overlapping having total Project exposure of risk.

In addition to analysing project risks, cube of risks may get utilized in gathering and executes qualitative and quantitative information describing risks' occurrence likelihood and effect size, identifying the project aspects most at risk. The risk cube quantifies each project's risk burden. As for parameters of risks, exposure amount of risk pertaining to every main risks may be shown using measures of qualitative (medium, low,high), anticipated measures (time, monetary, or different quantitative values), continuous and discrete distribution of probability etc. Possible interconnections between hazards may be considered qualitatively and quantitatively.

Like anticipated measures, totalingofpredicted measure of exposure pertaining to risk impacting element of projects.Such as distribution of exposure, simulate distribution values aimed at every risks influencing parts of projects. Summation of risksvalues depending on predicted measures provides for rapid and influencing evaluation of total load of risk pertaining to every element in projects, even with presence about probable relationships amongst hazards (Mood et al, 1988). Noting important risk, its origin and effects, identifying associated starting points, impacted activities, and owners gives a precise outlook regarding dependency of risk with itsinfluencing factors. Interchages amongst information processing and collection simplicity and risk parameter accuracy must be made each time the model is utilised, based on data availability and risk analysing resources.

Indicator of general exposure of risk , that is multiplicative outcome of impact magnitude and occurrence probability, can be expressed in different ways, depending on company or context : utilizing lone point measures which equates to exposure predicted; distribution thus achieved from multiplication of impact magnitude distribution and occurrence probability , known distribution of exposure [12]. After estimating risk parameters, we may analyse data. The model identifies the total risk for each risk class, external or internal stakeholders, activity or work package. Asuming projected exposures for every risks, we may summarise total measures for every elements of project shown inFigure4. So, we may assign each project aspect its risk.Therefore, we conclude significantlyabout minimizing necessity biggest risk variables. After collecting exposure distribution or projected exposure regarding every parts of projects, it is possible for tracking till superior levels in hierarchical structure by aggregating values for components belonging to same level, until we get measures regarding whole projects. It is possible for us to design cumulative risk curves that assigns probability to project impact values.

When risk allocation to project elements is complete, proper actions for mitigating actions should get decided, which behaves as intrusion in modifying allocation of risk allocation till additional equilibrium and adoptive situations wereachieved or adjustable provision for contractual were detected , preventing overloading of risk and giving proper rewarding risks. With such example, cubes of risks may get utilized in evaluating optimal mitigation set activities as well as the situation after they've been implemented.

A new risk metric, risk controllability, must be developed in order to carry out these analyses.The divisional values amongst exposure E* post mitigation with exposures E prior to mitigating (with later instance, E*, exposure resulted in multitude of PMC) is defined ascontrollability, C, associated with a particular action of mitigating, I on a given risk, k. The controllability of a certain mitigation intervention might differ from one risk to another. number ‘0’ indicating actions removing riska, measure of 1 indicates that its not affected by having no impact, measures more comparatively to 1 that risks had risen[13]. Consider an anticipated controllability measures. Risk cubes can be utilized by us to analyse condition post series of mitigating steps has been implemented, altering measures of exposure values with Figure4 through eazily swapping values prior to actions of mitigating by measures attained later. We can choose most economically advantageous set of mitigating actions by calculating their exposure variancepost and prior levels deployments in provided mitigating sets of action, as well as their feasibility and price, from between many probable actions sets that entire reduction of risk adjusting to an adoptable levels. We still need to specify the appropriate method of data collecting once we've defined the data we'll need for the model.

Given the uniqueness of projects and the generality of context-level information, extensive data recordings aren't necessary. Usually, experts are needed. At business level, available information is still relatively generic, but less so than at the preceding level, therefore expert assessments dominate repository of information. At level of analysis, records of information were having importance even estimated by experts. Regarding cubes of risk, it's important to focus on estimation of experts since concerned prototype is used at corporate and contextual level [14]-[16]. A Bayesian technique can integrate data records and expert estimates rigorously.

The data collecting approach for the three-dimensional model has three steps: identifying breakdown structures, identifying main hazards, and associating relative parameters to each risk. OBS and WBS is common project planning tools, hence accessible with initial projects levels, whereas RiBS may gets developed aimed at risk analysing, finding out specific kind of project risk sources. For establishing position of risks with 3-dimensional risk cube, risk manager should be capable of answering questionnaire like: what are processes impacted through ith source risks? and candidates responsible in managing risk connected to ith source and for ith activities? Such approach in determining parameters in risk is repeated with entire length and breadth concerning life cycle of projects [17], and [18].

3.Results and Discussions

Application of the concept to a project involving engineering and contracting:

The approach was used to a significant project by a well-known Italian contractor to verify its practicality. The deal called for building an S200 million steel facility in South America. Case study:

1. How cube of risk technique is utilized in certain project stage;

2. How can risk map be utilised to maintain risk under permissible level when mitigative activities were undertaken with evlovment hazardously.

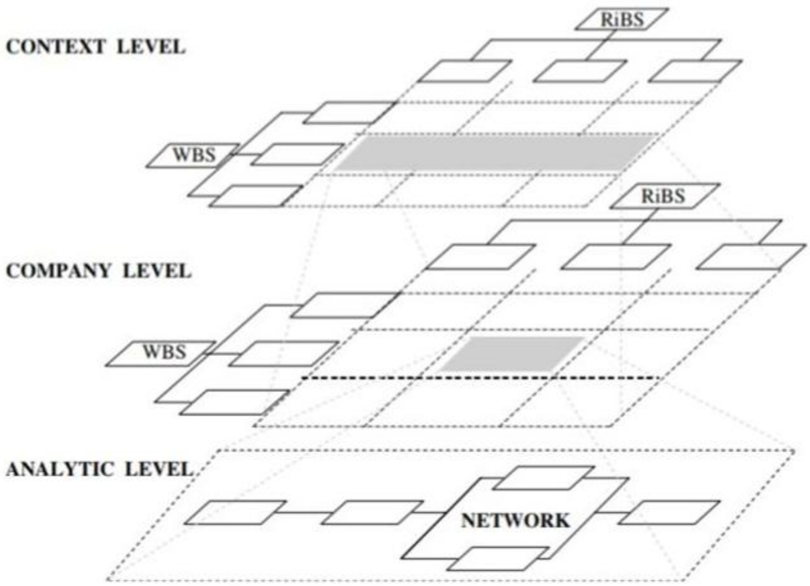

Fig.5.Comprehensive framework of multi-level and three-dimensional model.

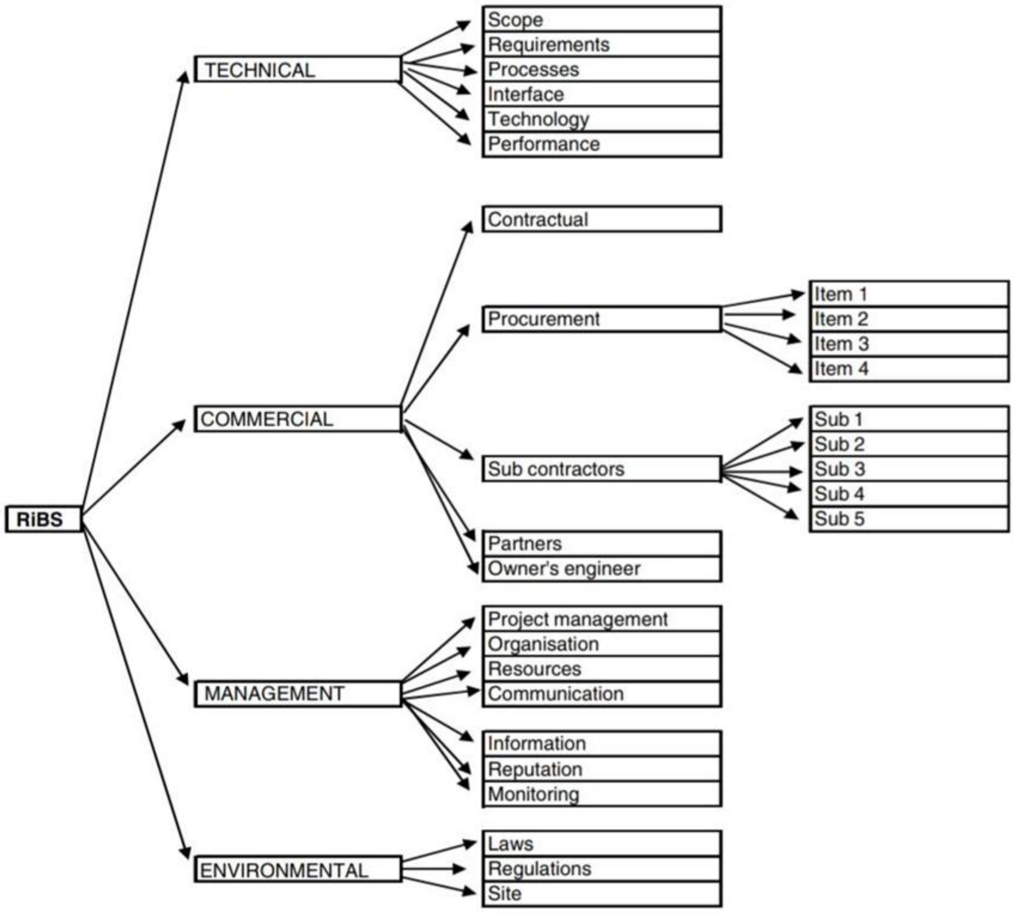

Fig. 6.Risk Breakdown Structure

When project was performing in phase of execution, showed different concerning facts, out of communication, contractual, and technicalissues inside team of project along with outside stakeholders moreover management to organizational problems , like deficit of data and flaws of controlling and monitoring. Local bureaucracy and rules caused issues. How was the risk analysis done? First, we had to identify all the project areas that, if not swiftly addressed, posed genuine and considerable hazards of different kind and exposure. Then we recognised project breakdown structures. Contractor proposed WBS and OBS. Surprisingly, standard RiBS concerning to contracting projects and engineering were accepted and implemented (Figure6). By brainstorming, 46 key project hazards were discovered. Next, we detailed each of the listed risks, its main reason and implications, detected their sources (RiBS element), activities of projects (components of WBS), owners of risk (elements of OBS). A project risk map allowed locating danger concentration of points.

As per standard analysis of risk approach, quality evaluation was done. 4 possible groups (highly probable, probable , possible, Remote) with 4 groups of magnitude (Moderate,Negligible, Critical, Significant,) was detected, having numerals of monetary measures (500 – 5,500 S;000 – 50.000 S,000 S; 5; > 50.000 S), probability (0.25 – 0.5;0.25; >0.75, 0.5 – 0.75;) was joined in attaining a single perspective in analysing. Utilising experts' judgments, each risk was given a chance of occurrence and effect class. Then, an impact-probability matrix was employed to decide which risks were most significant (Figure7). Unrealistic technical performance criterion, imprecise scope of work, inaccuracies in calculating terrain load bearing capacity, customer-imposed supplier, and subcontractor with poor quality were among them. Normally a qualitative study would be adequate to handle the problem, but the project's criticality required a quantitative analysis. The risk cube model was used to analyse quantitatively. All key hazards were analysed, since they might lead to hazardous circumstances when combined with certain stakeholders, activities or sources. Distribution of Probability was assigned for each risk's occurrence and effect.

PROBABILITY		MAGNITUDE: Negligible	Moderate	Significant	Critical
	Highly Probable			26 34 35 37	17 36
	Probable	10	4 6 9 24 39	14 16 18 19 92 38	12 20 30
	Possibile	27	8 33 43 46	5 7 40 41 42 45	11 54 44
	Remote	21 22 28	23 25	1 2 3 13 31	32

Fig. 7. Risk matrix.

Continuous distributions, basically triangles, derived from members of project team estimations, distribution discretely, practically histogram derived out of information record, was deployed to get additional crucial, harder in evaluating risk, while predicted measures was utilized in less problematic risk. Each risk was detected in the three-dimensional space and connected with a predicted exposures. Through adding exposure levels along cube's axises, we estimated risk for each uncertainty, activity, and project stakeholder. As the model is 3D, this procedure should have been 3D.

We selected two-dimensional tables displaying RiBS-OBS, WBS-OBS and WBS-RiBS, intersections concerning graphical clarity (example:- components of WBS-RiBS crossings as shownFigure8). Outcomes is analysed crucially through showing stakeholders, risk source and activities having highestexposure of cumulative(observing parts of WBS-RiBS crossings showing with Fig8), in which activity simple Designing with Technical Performance of sourcewere highly exposing within its sets, risk concerning source of Scope, activity simple Designing –such that, lingering issues pertaining to scope of work defined in carrying out designs basically). These project aspects might cause the most significant difficulties throughout the project's life cycle since they are more exposed. Contract,Technical performance, subcontractor, scope of work along withcontrolling method were biggest risks. Final acceptance, fundamental engineering, and erection stages were crucial.

Project Engineer and managersare company's biggest risk takers. Then, mitigation measures were suggested. These tried to remove or lessen the sources of risk at time now and to spread risks providing additional equitably between numerous stakeholder in balancing amount carried through every individual, therefore eliminating overloading of risk. Measures recommended consist change in projects organisational structure by introducing new individuals in key positions with contractsexplained and clarify by submitting claimsaimed for customer with remaining primary contractorshard working with projects.

After implementing aforesaid mitigations, project team specialists re-estimated risk parameter distributions. In certain circumstances, dangers were removed, lowered, or not changed. Such measures of mitigated was consequently placed into cubes of risk, total exposure was reevaluated through stake holders, source and activity. Lastly, entire activities , sourcesand stakeholders working on projectswas detected, along with their

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exposure before and after mitigation steps (observe risk exposure deviationin every owners risk with Figure9). The decrease found with exposure was larger concerning essential stakeholder, sources and activities. This demonstrates, prior analysis concentrated mitigation efforts on high-risk items. Pertaining to project consideration, measures at beginning aimed at assumed exposure were around 40 percent comparative to entire cost of project (majorly because of 2 harmfull clauses of contracts) which was decreased at 0.5 percent of cost, value considered acceptable given, major plants project’s average margin can get achieved about 5%.

			RiBS														
			TECHNICAL					COMMERCIAL					MANAG.		...	
			Scope	...	Processes	...	Performance	Contract	...	Subcontract...		...	...	Monitoring	...	
										Sub1	...					TOTAL ACTIVITY
WBS	ENGINEERING	Basic design	2,366,600		420,000											2,866,900
		Detailed design			470,000											637,000
	CIVIL,BUILD.	Civil,building....			410,000											474,500
	...	...														...
	ERECTION	Melting plant			390,000					415,000				165,000		1,000,000
		Casting plant			420,000					423,000				172,000		1,184,800
		Auxiliary plant												124,000		204,000
		Local supplies												168,000		200,400
	...	...														...
	ACCEPTANCE	Final accept.					46,200,000	29,400,000								76,600,100
TOTAL SOURCE			2,366,600	...	2,225,000	...	46,200,000	30,541,700	...	888,400	...	...	...	691,200	...	83,629,900

Fig. 8.Risk identification table: RiBS-WBS

n	OWNER		Exposure pre-mitigation	Exposure post-mitigation	Difference	Percentage variation
1	Project	Engineer	46,241,800	31,000	-46,210,800	-99.9%
2	Project	Manager	35,433,900	123,400	-35,310,500	-99.7%
3	Project quality	Manager	784,000	140,000	-644,000	-82.1%
4	Project	Control coord.	709,200	348,800	-360,400	-50.8%
5	Procurement	Manager	349,600	295,600	-54,000	-15.4%
6	Construction	Manager	111,400	33,800	-77,600	-69.7%
7	Contract	Administrator	0	4 ,800	4,800	
8	Site	Manager	0	400	400	
		TO TA L	83,629,900	977,800	-82,652,100	

Fig. 9.Summary of risk owners' total exposure before and after mitigation.

Construction risk management is crucial. In Fig. 10, as planning quality grows, realisation costs fall. Although risk management increases project costs at the outset, this is offset by its benefits. In the planning phase, project success risks may be identified and mitigated. This affects meeting timelines and maintaining project expenses. For the Principal, placing a functioning unit into service on time is crucial. potential analysis of project's risk shows what are factors driving project risks in affecting risks of any enterprise. Risk potential should be calculated with as little information as feasible. Depending on risk assessment, Risk management is implemented. Risk management integrates risk policy principles, risk awareness, and organisational integration. It's accountable for controlling risks with full awareness of the existing risk position [1]. Risk management promotes transparency, solves various issues. The project may be prepared for inevitable problems by proactive action. This mitigates the impacts and gives the project managercontrol.

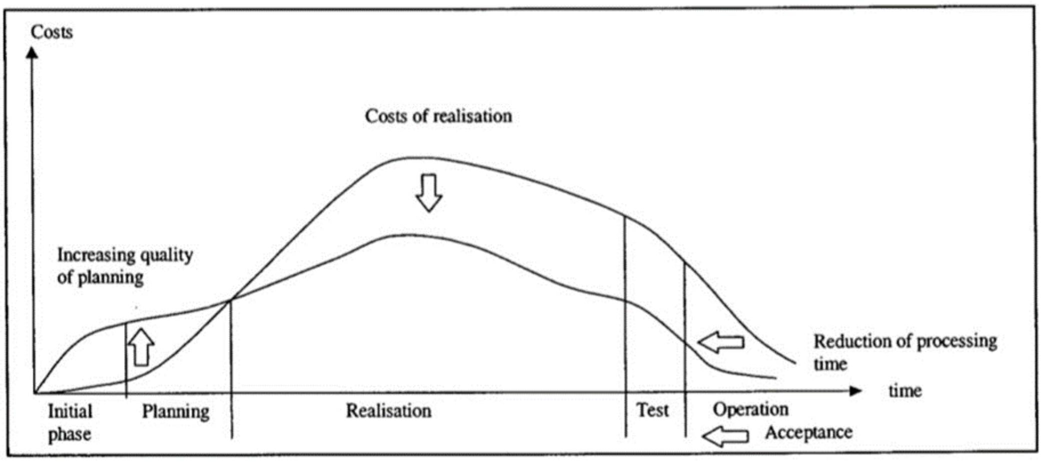

Fig. 10.Potential through the use of risk management in construction projects

4. Conclusions

Prototypes enables allocating loading risk for every elements of project, such as uncertainty sources, impacted activity, and risk owners, and quantifying the risk exposure for each element. Early contract definition should include a clear transfer of risk to project stakeholders. The model separates the study of typical project parameter variability (example: project activity variance in length of) from analysing large risks (example: key supplier's failure) which might significantly affect the project's result. Normal variability analysis using appropriate project models may help quantify key risks. Expert judgement and data records may be used to assess risk parameters. The methodology distinguishes amongst risks analysis while initial phase of project, while constituent was not still gets freezed, and during project execution, when the contractual content has been determined. The concept seems beneficial for engineering and contracting projects.

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