

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

**Master of Project
Management**

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Course Code

(PMG510)

Project Risk Management

Instructions:

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حتى الآن من المفترض أن تكون أصبحت قادراً على التعرف والتمييز بين أنواع المخاطر المختلفة وكيفية التعامل معها. كما يمكنك الآن رؤية كيف يتم هذا الأمر في الشركات الكبيرة والمرموقة.

في هذا الواجب: قم باختيار واحدة من الشركات التالية:

أرامكو السعودية

البنك الأهلي التجاري

شركة الاتصالات السعودية

قم باختيار واحدة من الشركات الثلاث المذكورة أعلاه ثم ابحث عن أي 4 مخاطر تواجهها هذه الشركة .

لكل خطر من هذه المخاطر قم بالاجابة عن الأسئلة التالية:

1. لماذا اعتبرته خطراً؟
2. ماهو نوع هذا الخطر؟
3. ماهي احتمالية هذا الخطر؟ وفي حالة وقوعه مامدى قوة وتأثير هذا الخطر؟
4. ماهي السياسة أو الاستراتيجية التي تتبعها هذه الشركة للتعامل مع هذا الخطر وإدارته؟

** يمكنك الاجابة باللغة العربية أو الانجليزية على ألا تتجاوز اجابتك صفحتين من النوع A4

** يتم تسليم جميع الاجابات في ملف بصيغة pdf.

** حجم الخط 12.

** نوع الخط Arial.

** المسافة بين الأسطر (line spacing) 1.5

أمنياتي بالتوفيق.

Throughout this course you have learned about the different types of risk and how businesses manage them. Now you will be able to see how it is done in a well-known company.

Your assignment is to choose one of the following companies:

Saudi Aramco

The National Commercial Bank

Saudi Telecom Company

Do some research on any of the aforementioned companies and identify four risks they are facing.

For each risk please answer the following:

1. Why is this a risk?
2. What type of risk is it?
3. What is the likelihood of the risk? How great is the impact?
4. What strategy or policy does the company use to manage the risk?

** Your answers could either be in Arabic or English.

** You should submit your assignment in a pdf formatted file.

** Font size should be 12.

** Font type is Arial.

** Line spacing is 1.5.

All the best.

1. "Political and social instability and unrest and actual or potential armed conflicts in the MENA region and other areas may affect the company's results of operations and financial position" *Saudi Aramco Prospectus, 2019, p.80.*
 - a. Being a state-owned company, the regional enemies of the Kingdom consistently threaten the vital interests of the nation, the biggest of which being of economic nature. Also, there's been a recent precedence of drone strikes against the oil processing facilities at Abqaiq in 2019.
 - b. This counts as one of the top hazardous risks faced by the company – of a strategic source – that cause disruption to all categories (people, premises, processes & products).
 - c. Having been targeted in recent years with such attacks, this risk is seen to be highly likely to take place, and the impact would be high dependant on the severity of the strikes.
 - d. The company through its national leadership seeks to take proactive and reactive measures in response to this risk. The country has pursued posing sanctions on its attackers through its political allies, as well as strengthening its security controls of the company's facilities especially in the eastern part of the country.
2. "Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause the Company to incur costs or invest additional capital" *Saudi Aramco Prospectus, 2019, p.80.*
 - a. The rising worldwide cries for immediate action to address global warming put the entire oil industry in the spot light while the international community is calling oil producers (in particular) to take the lead in making a positive change.
 - b. This counts as a compliance risk where the company needs to take several environmental acts and agreements that Saudi Arabia has agreed to
 - c. The national awareness to climate change is increasing year by year, but the demand is still high, and only significantly decreased in 2020 due to the COVID-19 outbreak according to www.statista.com. As such, this risk is said to have a (low likelihood\high impact) ratio.

- d. Saudi Arabia is actively involved in international major environmental endeavors to address this issue. Internally, “throughout 2018 and 2019, the Company implemented a leak detection and repair program, enabling further reductions in emissions through the identification and mitigation of fugitive leaks” *Environment and climate change. (n.d.). Retrieved March 01, 2021, from*
<https://www.aramco.com/en/investors/investors/environment-and-climate-change>
3. “The Company’s financial position and results of operations may be adversely affected if the Kingdom stops pegging the SAR to the U.S. Dollar.” *Saudi Aramco Prospectus, 2019, p.25.*
 - a. Many of the company’s operations and expenses are denominated by the SAR, exchanged at a fixed rate with the USD. If the country decides to change the policy of pegging its currency with the American dollar, the SAR value might change, and there could be an adverse effect on the company’s financial positions.
 - b. This counts clearly as a financial risk.
 - c. This risk is said to have a (low likelihood\high impact) ratio if it takes place.
 - d. The country hasn’t made any step towards changing this policy that dates back to the 80s. But it’s worth to be mentioned that the company has put this risk in its prospectus and has delayed its initial public offering. Both of these steps could raise speculation about the kingdome’s long-term approach.
4. “The Company operates in a highly competitive environment. Competitive pressure could have a material adverse impact on the price at which it sells crude oil and other products.” *Saudi Aramco Prospectus, 2019, p.13.*
 - a. Primary competitors include NOCs and IOCs, which have substantial crude oil reserves and financial resources.
 - b. This counts as a control risk because it’s uncertain.
 - c. This risk is said to have a (low likelihood\high impact) ratio if it takes place.
 - d. The company has taken many steps to strengthen its financial position, the biggest of which being the 2020 70% acquisition of SABIC.