



جامعة الجميع الذكية  
EVERYONE'S SMART UNIVERSITY

## Everyone's Smart University

### Assignment 1 (Spring 2021)

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**Section**

**Master of Project  
Management**

**Date**

**18 / 02 / 2021**

**Course Code**

**(PMG510)**

## Project Risk Management

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**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 وادارته؟

\*\* 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.

Saudi Aramco is an integrated world largest oil and gas company operating through upstream and downstream segments. The upstream segment is involved in activities associated with the production of crude oil, condensate, natural gas and NGLs while downstream segment focuses on business activities including refining and petrochemical manufacturing, supply and trading, and distribution and power (Saudi Aramco, 2020). Operating in the oil industry exposes this company to a wide range of risks.

In fiscal 2019, the organization reported some of the potential risk factors in its annual report, including fluctuations in crude oil supply and demands in the international market, competition from industry competitors, operational risks and hazards, and risk of hydrocarbon reserves estimation (Saudi Aramco, 2020).

Risk 1: Fluctuations in crude oil supply and demand in the international market

1. Why is this a risk?

Volatility of crude oil prices in response to changes in demand and supply in the international market exposes Saudi Aramco to potential financial losses.

2. What type of risk is it?

This is an economic risk because supply and demand vary with changes in the economy. For instance, COVID-19 has affected demand for different products including oil, following people's reduced spending due to perceived future economic uncertainties.

3. What is the likelihood of the risk? How great is the impact?

This risk is highly likely. Incidences of price volatility can result in great financial losses for the organization. Recently, due to coronavirus concerns, the price of Brent crude oil reduced to \$37.0 per barrel, the lowest price since 2016.

4. What strategy or policy does the company use to manage the risk?

The company has an established Enterprise Risk Management (ERM) framework that help in identifying and managing risks along with reducing planning uncertainty to address outcome variability.

## Risk 2: Competition from industry competitors

### 1. Why is this a risk?

Crude oil market is highly competitive for the company outside the Kingdom of Saudi Arabia (KSA). High competition in the market can result in material adverse impact on the company's pricing of its crude oil.

### 2. What type of risk is it?

Competition Risk.

### 3. What is the likelihood of the risk? How great is the impact?

The risk is highly likely because many countries outside KSA have substantial crude oil reserves. Competition can greatly affect Aramco's proceeds, leading to reduced profitability.

### 4. What strategy or policy does the company use to manage the risk?

Aramco has a uses the shifting strategy to shield itself against adverse impact that result from market competition.

## Risk 3: Crude oil spillage, pipeline leaks, storage tank leaks, and accidents from fires and explosions.

### 1. Why is this a risk?

Crude oil spillage, pipeline leaks, storage tank leaks, and accidents from fires and explosions can have adverse impact due to resultant liabilities and costs.

### 2. What type of risk is it?

Operational risks and hazards.

### 3. What is the likelihood of the risk? How great is the impact?

These are highly likely occurrences because the company is involved in highly flammable products. The impact from these risks can have great impact on the company's production capacity and revenue generation.

### 4. What strategy or policy does the company use to manage the risk?

The company has a hazard identification risk assessment and risk control policy that allow for robust risk identification and mitigation.

#### Risk 4: Risk of hydrocarbon reserves estimation

##### 1. Why is this a risk?

The company relies on estimation of the hydrocarbon reserves to determine production capacity in response to demand and supply. As a result, any changes in economic and operating conditions can result in adverse impact on the value of its products in the reserves.

##### 2. What type of risk is it?

Economic Risk

##### 3. What is the likelihood of the risk? How great is the impact?

This risk has a high likelihood because the world economy is subject to constant changes due to various factors including political influence and market competition following discovery of new oil reserves. The impact of this risk is great on revenue generation because of the related costs from value loss of oil in the reserves.

##### 4. What strategy or policy does the company use to manage the risk?

The company's strategy to manage this risk include diversifying its operations across the Saudi economy and high-demand markets such as India.

## References

Saudi Aramco. (2020). *Saudi Aramco annual report 2019*. Aramco.com. Retrieved from <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf>.