

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section	Date	Course Code
Master of Project Management	Thursday 18 / 02 / 2021	(PMG510)

Project Risk Management

Instructions:

Instructor's Name:

Eng. Mosaab M. Hamed

Assignment (1)

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.

The Answer:

There are four types of risk:

- **Compliance risks:** is the threat posed to a company's financial, organizational, or reputational standing resulting from violations of laws, regulations, codes of conduct, or organizational standards of practice.
- **Hazard risks:** are the risks that can only inhibit achievement of the corporate mission.
- **Control risks:** the process of implementing risk response plans, tracking identified risks, monitoring residual risks, identifying new risks, and evaluating risk process effectiveness throughout the project.
- **Opportunity risks:** is an opportunity is a possible action that can be taken. Opportunity requires that one take action; risk is something that action can be taken to make more or less likely to occur but is ultimately outside of your direct control.

Chosen risks to evaluate are as follows and why they have been chosen:

- Subscribers shrinkage.
- Applied Taxes.
- slowdown in overall economic growth.
- High lending rates.

Why is this a risk? And What type of risk is it?

- **Subscribers shrinkage:** this affects the company's income and thus reduces its market share and this results in a decrease in the company's value.
This leads us to classify this under Compliance risks.
- **Applied Taxes.** The frequent and exaggerated increase in taxes affects the cost of production and distribution and thus prompts employers to take financial measures within these institutions and companies as much as possible to mitigate the impact of taxes on the prices of their products and services to maintain the competitiveness of these goods and products.

This leads us to classify this under Compliance risks.

- **Slowdown in overall economic growth:** increasing trade barriers, increasing social and political tensions and trade tensions fore sure it will slowdown in overall economic growth.

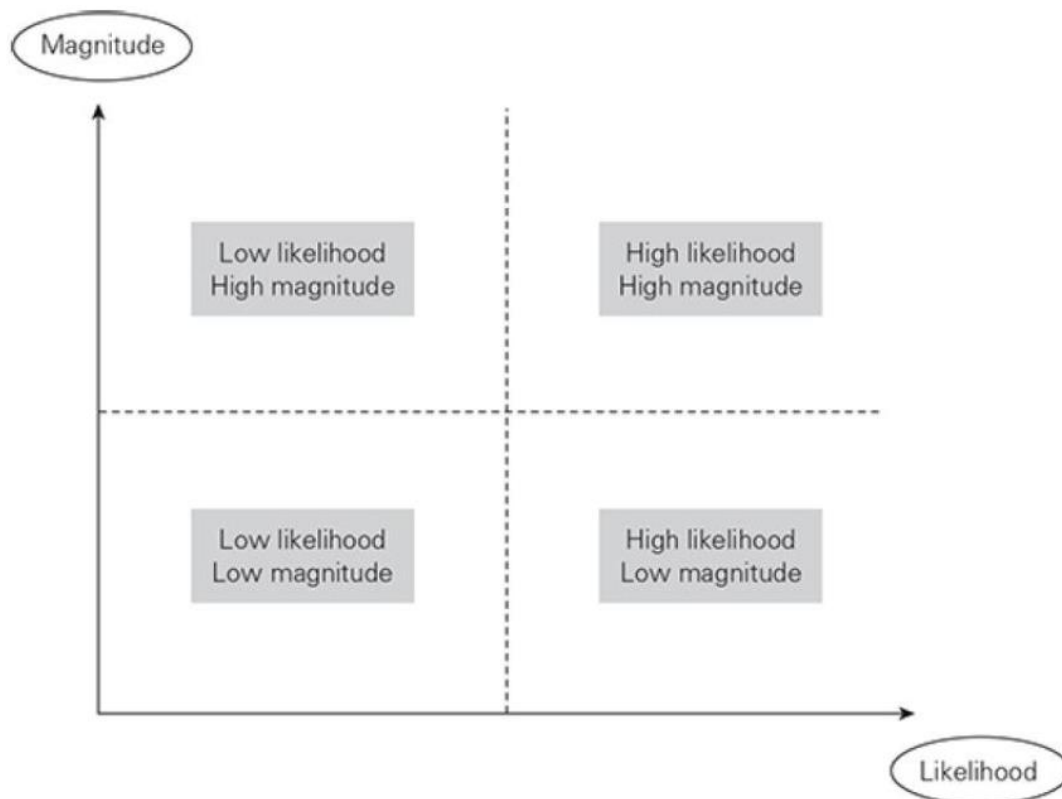
This leads us to classify this under Hazard risks.

- **High lending rate:** The interest rate generally affects the financial and investment decisions and consumption patterns of individuals, including investors, to put them in front of options for spending money, investing it in various sectors, or depositing it in commercial banks to benefit from the interest rate on deposits.

This leads us to classify this under Opportunity risks.

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

- Subscribers shrinkage: High likelihood high magnitude.
- Applied Taxes: Low likelihood high magnitude.
- slowdown in overall economic growth: Low likelihood high magnitude.
- High lending rates: Low likelihood and low magnitude.



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

- **Subscribers shrinkage and Applied Taxes:** The company can make some decisions to low “minimize” the impact of these mandatory risks by offers to save the subscribers shrinkage and tax effect on the customer to be happen and increase the service quality and customer service.
- **slowdown in overall economic growth:** Organizations need to tolerate a hazard risk exposure, accept exposure to control risks and invest in opportunity risks. should be intolerant of these and should take all appropriate actions to eliminate them.
- **High lending rates:** decide whether they have an appetite for seizing the perceived opportunity with Consideration of whether business risks are within the control of the organization or not.