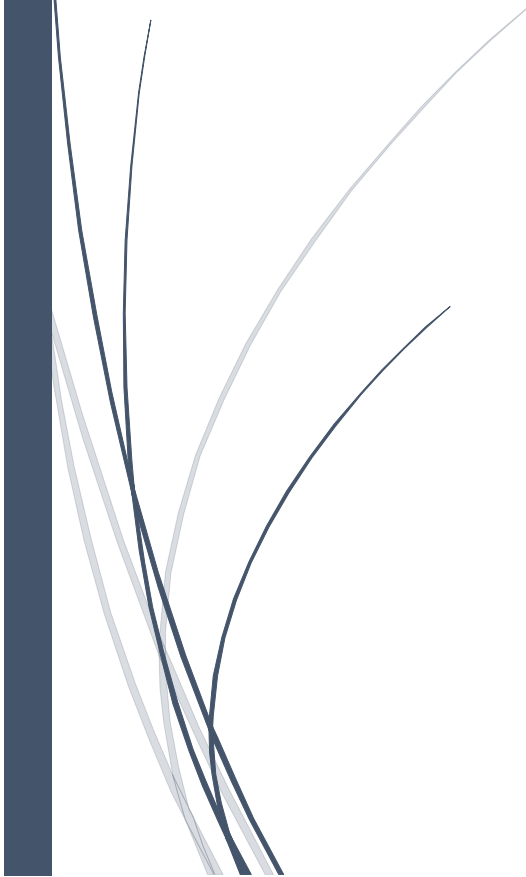




# Final Project 2

PMG 497

## Project Template



Midocean University

Faculty of Management

Department/ Specialization .....



# **The Impact of Artificial Intelligence on Project Management in Saudi Arabia: A Case Study on Red Sea Global Company in Jeddah**

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# **1. Chapter 1: Introduction**

## **1.1. Research Background**

In the contemporary landscape of global industry, project management has emerged as a critical discipline essential for the successful execution of initiatives across diverse sectors (Kerzner, 2017). As projects grow in complexity, the demand for tools and methodologies that enhance precision, efficiency, and strategic decision-making has intensified. Among the technological innovations transforming project management is artificial intelligence (AI), a field once considered futuristic but now rapidly integrating into mainstream management practices. AI's capabilities in predictive analytics, natural language processing, and autonomous systems have shown profound effects on traditional project workflows, influencing everything from risk mitigation to resource optimization (Duan et al., 2019).

The integration of AI into project management is not just a trend but a paradigm shift. Studies have shown that AI tools enable project managers to anticipate challenges, streamline communication, and make data-driven decisions that enhance the likelihood of success (PMI, 2020). Organizations across the globe are increasingly investing in AI-driven project platforms to maintain competitiveness and adapt to rapidly changing market conditions. This transformation is particularly evident in sectors where project outcomes have high financial, social, or environmental stakes. As such, AI is increasingly viewed as a strategic asset in project execution rather than a supplementary tool (Marnewick & Marnewick, 2020).

Saudi Arabia presents a unique and dynamic case for the study of AI in project management. As part of its Vision 2030 initiative, the Kingdom has embarked on an ambitious journey of economic diversification and digital transformation. This strategic national framework encourages the adoption of cutting-edge technologies across all sectors, including construction, tourism, healthcare, and information technology (Saudi Vision 2030, 2016). The inclusion of AI within national mega

projects such as NEOM and The Red Sea Project is a testament to the government's commitment to innovation. Consequently, the demand for highly efficient, AI-enabled project management strategies is rapidly increasing in the Saudi context (Gil Ruiz et al., 2021).

One notable organization at the forefront of this technological evolution is the Red Sea Global Company, based in Jeddah. The company is leading one of the world's most ambitious regenerative tourism projects, emphasizing environmental sustainability, cultural preservation, and advanced digital integration. Its projects are characterized by their scale, complexity, and visibility, making the organization an ideal case for exploring how AI tools affect project outcomes. The company's proactive embrace of digital solutions, including AI, positions it as a model for understanding the operational and strategic impacts of intelligent technologies in project environments (Ogunbukola, 2024).

Despite global enthusiasm for AI in project management, the body of research specifically focused on Saudi Arabia remains limited. Most studies in this domain originate from Western or East Asian contexts, which may not fully reflect the cultural, regulatory, and operational nuances of the Saudi business environment. Furthermore, empirical data regarding the implementation of AI in real-world projects within the Kingdom are scarce. This lack of localized research creates a knowledge gap that this study aims to address (Gil Ruiz et al., 2021).

Therefore, the purpose of this research is to explore and assess the impact of artificial intelligence on project management within the specific context of Saudi Arabia, using the Red Sea Global Company as a focal point. Through this lens, the study will evaluate how AI technologies influence project planning, execution, monitoring, and overall success. It will also identify the enablers and barriers to AI integration within complex project environments, offering insights for both scholars and practitioners. Ultimately, the research aims to contribute to a deeper

understanding of AI's role in enhancing project performance in alignment with Saudi Arabia's Vision 2030 (PMI, 2020). Through this lens, the study will evaluate how AI technologies influence project planning, execution, monitoring, and overall success. It will also identify the enablers and barriers to AI integration within complex project environments, offering insights for both scholars and practitioners. Ultimately, the research aims to contribute to a deeper understanding of AI's role in enhancing project performance in alignment with Saudi Arabia's Vision 2030.

## **1.2. Research Problem**

Artificial Intelligence (AI) has become a key enabler in transforming project management across various industries. Despite its rising importance, the practical and academic understanding of AI's role in project management within the Saudi Arabian context remains limited. A growing interest in the integration of AI tools into project life cycles, especially in mega-projects like those undertaken by the Red Sea Global Company, necessitates a closer examination of the underlying gaps in theory and practice. This section presents a structured analysis of these gaps.

### **1.2.1. Theoretical Gaps**

While several global studies have explored the relationship between AI technologies and project management performance, most of them focus on general frameworks or Western business environments. There is a lack of theoretical models tailored to the cultural, organizational, and regulatory dimensions specific to Saudi Arabia. Existing literature often overlooks the influence of contextual factors such as hierarchical organizational structures, government policy influences, and differing levels of digital maturity within Saudi firms. Furthermore, there are few studies that propose a comprehensive framework for evaluating how AI capabilities such as machine learning or predictive analytics influence specific stages of the project life cycle, such as planning, execution, or monitoring.

### **1.2.2. Practical Gaps**

From a practical standpoint, organizations in Saudi Arabia face several challenges in adopting AI in project management. These include limited technical infrastructure, resistance to change among project teams, insufficient training, and uncertainty around ROI from AI investments. In the case of Red Sea Global Company, although some AI tools have been introduced, there remains a gap in fully embedding AI-driven systems in strategic and operational decision-making.

Additionally, most available insights come from anecdotal or pilot-scale applications, lacking robust data to confirm AI's long-term value on project efficiency and success.

To address these shortcomings, the present study poses the following research question:

**How does the integration of artificial intelligence impact project management processes and outcomes within Red Sea Global Company in Jeddah, Saudi Arabia?**

### **1.3. Research Significance**

This study holds significance on both theoretical and practical levels, offering contributions to academic understanding and real-world applications of artificial intelligence in project management.

#### **1.3.1. At the Theoretical Level**

At the theoretical level, this research aims to bridge a notable gap in existing literature concerning the application of AI in project management within the Saudi Arabian context. While global research has established a foundation for understanding how AI technologies impact project performance, localized studies remain scarce. This study contributes by contextualizing AI's role within Saudi cultural, regulatory, and organizational dynamics. It also attempts to develop a framework that can guide future theoretical investigations into AI-driven decision-making and its influence on different phases of the project life cycle in emerging markets.

#### **1.3.2. At the Practical Level**

From a practical standpoint, the research provides actionable insights for project stakeholders, particularly those operating in technologically evolving environments like the Red Sea Global Company. It sheds light on the operational benefits, challenges, and strategies related to AI integration in project workflows. By focusing on an active Saudi organization, the study delivers empirical evidence that can inform best practices, training needs, investment strategies, and organizational change management processes. It supports project managers, engineers, and IT professionals in making informed decisions about AI deployment, thus enhancing project efficiency and alignment with Saudi Vision 2030.

## **1.4. Research Questions**

- How does artificial intelligence impact project planning in Saudi Arabia?
- What is the influence of AI on project execution and monitoring processes?
- What are the main challenges and barriers to adopting AI in project management in Saudi Arabia?
- How can AI contribute to improving project success rates in Saudi organizations?

## **1.5. Research Objectives**

- To analyze the impact of AI tools on project planning, execution, and monitoring in Saudi Arabia.
- To identify key challenges and barriers to AI adoption in project management.
- To evaluate how AI contributes to enhancing project outcomes and success rates.
- To propose recommendations for effective AI integration in project management practices.

## **1.6. Research Hypotheses**

- H1: AI adoption has a significant positive effect on the effectiveness of project planning in Saudi Arabia.
- H2: AI tools enhance project execution efficiency and monitoring accuracy.
- H3: Organizational culture moderates the relationship between AI adoption and project success.

## **1.7. Research Model**

The conceptual model proposed in this study positions AI adoption as the independent variable influencing project success as the dependent variable. The model incorporates mediating and moderating variables, including organizational culture, technology readiness, and project complexity, which may affect the strength of these relationships.

## **1.8. Scope of Study**

This study focuses on projects executed within The Red Sea Global Company based in Jeddah, Saudi Arabia. The company operates in the tourism and construction sectors and is known for leveraging innovative technologies in large-scale development initiatives. The research targets project managers, engineers, and IT professionals involved in AI-enabled projects across the organization. This specific context offers a representative environment to explore AI's role in project management within a Saudi business setting aligned with Vision 2030.

## **1.9. The Project Structure**

This research project is structured as follows:

Chapter 1: Introduction – Provides background, problem statement, objectives, significance, and scope.

Chapter 2: Literature Review – Presents a critical analysis of previous studies on AI and project management.

Chapter 3: Research Methodology – Details research design, data collection methods, and analysis techniques.

Chapter 4: Statistical Analysis and Discussion – Describes the data analysis and links findings to the literature.

Chapter 5: Limitations, Recommendations, and Conclusion – Summarizes the study findings and offers recommendations for practice and future research.

## **2. Chapter 2: Literature Review**

## **2.1. Introduction**

This chapter provides a comprehensive review of scholarly literature relevant to the topic of artificial intelligence (AI) in project management. The aim is to examine prior research findings to identify the current state of knowledge, theories, and debates concerning the influence of AI on project success. The review also identifies theoretical foundations and empirical studies that support the development of this research. It is structured to examine the independent and dependent variables of this study, explore their interrelationships, and highlight gaps in literature that justify the research objectives.

## **2.2. The independent variable: Artificial Intelligence**

Artificial Intelligence (AI) is the independent variable in this study. It is defined as the simulation of human intelligence in machines that are programmed to think and act like humans. In the context of project management, AI includes a range of tools and technologies such as machine learning, natural language processing, and intelligent automation that assist in project planning, execution, and control (Duan et al., 2019).

Several studies have investigated the role of AI in organizational and operational settings. For instance, Gil Ruiz et al. (2021) conducted a review of AI applications in project management, aiming to map the current state of research and identify dominant AI tools used in the field. Their methodology was a structured literature review, and the findings highlighted predictive analytics and intelligent decision support systems as the most influential applications.

Similarly, PMI (2020) explored how AI innovators are reshaping project management through practical applications of intelligent systems. The study used a qualitative case study approach and concluded that AI significantly enhances resource planning, communication flow, and risk management in complex projects. Marnewick & Marnewick (2020), in another empirical study, found that AI-enabled systems improved decision-making speed and accuracy in project settings, using a mixed-method approach involving surveys and interviews.

These findings collectively establish AI as a multi-dimensional construct that has the potential to transform how projects are delivered, especially in environments demanding high accuracy and real-time responsiveness.

Artificial Intelligence refers to the capability of machines and computer systems to perform tasks that typically require human intelligence. These tasks include learning, reasoning, problem-solving, and language understanding (Duan et al., 2019). Modern AI systems are largely built upon subfields such as machine learning (ML), natural language processing (NLP), computer vision, and robotics. In project management, AI applications span across forecasting, decision support systems, scheduling, risk assessment, and automation of administrative tasks.

### **2.3. The dependent variable: Project Management**

Project Management is the dependent variable in this research. It refers to the application of knowledge, skills, tools, and techniques to meet project requirements effectively and efficiently. This includes domains such as project planning, scheduling, resource management, risk assessment, monitoring, and project closure (Kerzner, 2017).

In the academic realm, various researchers have examined project management performance and success factors. Ogunbukola (2024) studied the challenges and opportunities of integrating digital tools in complex project environments. The study used a case study approach focusing on infrastructure projects in emerging markets, concluding that digital integration—including AI—contributed significantly to enhanced project control and stakeholder satisfaction.

Kerzner (2017) provided a foundational framework for assessing project success across five dimensions: scope, time, cost, quality, and stakeholder satisfaction. Many studies continue to adopt this framework when evaluating the influence of external tools like AI on project outcomes. Moreover, studies like that of Marnewick & Marnewick (2020) indicate that enhanced analytics and AI systems support project managers in tracking key performance indicators (KPIs), reducing human error, and maintaining consistent project alignment with strategic goals.

Numerous studies emphasize the growing role of AI in improving project management functions. AI can optimize resource allocation, generate accurate time and cost estimates, and enhance communication across teams (PMI, 2020). AI-powered analytics also contribute to identifying patterns in project data that help predict risks and performance bottlenecks. Some tools are used for dynamic

scheduling and real-time monitoring, which enables faster responses to deviations in project plans.

## **2.4. The relationship between independent and dependent variables**

Numerous studies have attempted to explore the correlation between AI (independent variable) and project management performance (dependent variable). For example, Marnewick & Marnewick (2020) conducted a mixed-method study analyzing how AI tools influence project success metrics such as cost, time, and scope control. The results indicated a strong positive relationship, particularly in areas related to scheduling optimization and proactive risk identification.

Similarly, PMI (2020) presented findings from multiple case studies showing that AI adoption leads to higher consistency in project outcomes, particularly when AI tools are integrated into strategic decision-making processes. Gil Ruiz et al. (2021) also emphasized that AI-enabled systems support project transparency and cross-functional communication, which are critical for successful execution.

In the Saudi context, Ogunbukola (2024) highlighted that AI contributes to improving stakeholder engagement and reduces uncertainty in complex, multi-phase projects like those managed by Red Sea Global Company. The research emphasized that when AI is aligned with organizational capabilities, it significantly enhances monitoring, evaluation, and adaptive planning.

These findings support the conceptual model used in this research, which hypothesizes that AI adoption has a measurable and positive impact on project management efficiency, particularly in digitally progressive environments.

## **2.5. Conclusion**

This chapter has provided a structured and critical review of the literature addressing the use of artificial intelligence (AI) in project management. It began by defining AI as the independent variable, highlighting its various capabilities such as machine learning and predictive analytics, and its role in project processes such as planning, risk assessment, and communication. Several studies, including those by Gil Ruiz et al. (2021) and PMI (2020), were discussed to illustrate how AI is reshaping the traditional project management landscape.

The chapter then addressed dependent variable, project management, reviewing foundational theories and frameworks such as those by Kerzner (2017) and empirical studies like Ogunbukola (2024), which showcase how digital tools influence project success metrics. The review demonstrated that project success is a multi-dimensional construct influenced by time, cost, scope, quality, and stakeholder engagement, all of which can be enhanced through AI.

Following this, the chapter explored the relationship between the two variables, presenting evidence from multiple studies that confirm a positive and significant correlation between AI implementation and improved project management performance. These studies reveal how AI contributes to better scheduling, proactive risk management, stakeholder coordination, and decision-making.

Finally, this literature review helped identify gaps, especially the lack of empirical research specific to the Saudi Arabian context and its flagship initiatives like Red Sea Global. These insights justify the need for the current study and provide a strong foundation for the next chapter, which will elaborate on the methodology to empirically assess AI's impact on project management in this context.

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