CAREER OPPORTUNITIES IN POLITICAL RISK ANALYSIS

Description of the Field
The term “political risk” refers to the possibility that investors will lose money or make less money than expected due to political decisions, conditions, or events occurring in the country or emerging market in which they have invested. Specific problems include government instability, currency inconvertibility, nationalization, and expropriation. In addition, political risk analysis examines social conditions such as crime levels – the number of recent kidnappings, for example – and land rights issues when evaluating the level of risk associated with any investment.

Typically, political risk analysts gather information on an area or a country, determine the causes and sources of any related risks, and forward their findings to those making investment decisions. Analysts may also be asked to prescribe risk management solutions and offer recommendations to clients hoping to invest in a specific area of the world. Although political risk analysis has been developing as a field since the 17th century, it has seen a dramatic increase in importance only in the past 25 years.

While the political risk divisions of large consulting and insurance companies have traditionally been most involved with this field, today’s analysts may find employment with international organizations, smaller financial companies, rating services, energy firms, and online sites specializing in the sale of political risk information. Three departments within most large banks perform political risk analysis: credit, fixed income, and equities. The equity department supports equity research analysts by forecasting key economic variables and may require advanced economic skills, often at a doctoral level.

Those employed in rating agencies, lending institutions, and organizations such as the State Department may be required to make in-depth economic analysis and would be classified as specialists. Analysts with more general knowledge about countries, legal systems, and business practices may find employment with smaller consulting companies that gather and analyze information and then sell their findings to others.

Career Paths
Internships are strongly recommended, especially if they will strengthen one’s accounting and financial skills or offer some insight into the political process. Moreover, prior experience is becoming increasingly important in finding employment in certain organizations, such as the World Bank. Requirements appear to be more flexible for employment with smaller companies, particularly those that are internet-based.

With expanding markets and levels of foreign direct investment increasing, forecasts for jobs in this field seem strong. Additionally, the increasing number and types of firms practicing political risk analysis ensure that this field will be attractive to many different types of people.

Qualifications Necessary to Enter the Field
Political risk analysts typically hold degrees in business, international relations, political science, economics or related areas but may also have backgrounds in law, intelligence, journalism, or law enforcement. Representation of investigative journalists and former intelligence agents is particularly high in online companies specializing in political risk information. Banking experience is always beneficial and may be required for those students hoping to work in a financial company. Although concentrating in a regional area will certainly be useful, many analyst
positions will focus on more than one area of the world. Successful analysts excel at adapting their knowledge to new and uncertain situations. Excellent research, analysis, and decision making abilities as well as good communicative and writing skills are necessary to succeed in this field. Companies look for well-informed people who may be described as intelligent risk takers.

The ability to decipher a balance sheet, understand a country’s balance of payments, or offer insight into the politics of a particular region will be very useful. Therefore, it is recommended that students interested in pursuing a career in political risk analysis take classes in finance, monetary economics, trade, and political science. The latter will be most useful for entry-level positions, while business-related classes will help those pursuing a more specialized track. Specific classes include the following: Introduction to Political Risk Analysis, Accounting, Corporate Finance, Private Sector Project Finance, International Monetary System, and Country Risk Analysis.

Sample Group of Employers

**International/Governmental Organizations**

- World Bank/MIGA - The Multilateral Investment Guarantee Agency- [www.miga.org](http://www.miga.org)
- OECD - The Organization for Economic Co-operation and Development- [www.oecd.org](http://www.oecd.org)
- OPIC - The Overseas Private Investment Corporation - [www.opic.gov/Insurance](http://www.opic.gov/Insurance)

**Private Sector**

- American International Group, Inc. - [www.aigcorporate.com](http://www.aigcorporate.com)
- Andreea & Associates - [www.globalstrat.net](http://www.globalstrat.net)
- Aon Corporation - [www.aon.com](http://www.aon.com)
- Bloomberg Financial News - [www.bloomberg.com](http://www.bloomberg.com)
- BP- [www.bp.com](http://www.bp.com)
- Business Monitor International - [www.businessmonitor.com](http://www.businessmonitor.com)
- Chubb - [www.chubb.com](http://www.chubb.com)
- CountryWatch.com - [www.countrywatch.com](http://www.countrywatch.com)
- Control Risks Group - [www.crg.com](http://www.crg.com)
- Deloitte Touche Tohmatsu - [www.deloitte.com](http://www.deloitte.com)
- Eurasia Group – [www.eurasiagroup.net](http://www.eurasiagroup.net)
- Fitch Ratings - [www.fitchratings.com](http://www.fitchratings.com)
- J.P. Morgan - [www.jpmorgan.com](http://www.jpmorgan.com)
- Maplecroft - [www.maplecroft.com](http://www.maplecroft.com)
- Marsh – [www.marsh.com](http://www.marsh.com)
- Medley Global Advisors - [www.medleyadvisors.com](http://www.medleyadvisors.com)
- Moody's Investors Services - [www.moodyskqv.com](http://www.moodyskqv.com)
- Morgan Stanley Dean Witter - [www.morganstanley.com](http://www.morganstanley.com)
- Oxford Analytica - [www.ozan.com](http://www.ozan.com)
- Profound Online Business Services - [www.profound.com](http://www.profound.com)
- S. J. Rundt & Associates - [www.rundtsintelligence.com](http://www.rundtsintelligence.com)
- Smith Brandon International - [www.smithbrandon.com](http://www.smithbrandon.com)
- Sovereign Risk Insurance Ltd. - [www.sovereignbermuda.com](http://www.sovereignbermuda.com)
- Stratfor - [www.stratfor.com](http://www.stratfor.com)
- Veracity- [www.veracityworldwide.com](http://www.veracityworldwide.com)
- Zurich - [www.zurich.com](http://www.zurich.com)
Resources for Additional Information

Publications

Professional Associations
- Association of Professional Insurance Women – [www.apiw.org](http://www.apiw.org)
- Berneunion – [www.berneunion.org.uk](http://www.berneunion.org.uk)
- Global Association of Risk Professionals – [www.garp.org](http://www.garp.org)
- Society for Risk Analysis – [www.sra.org](http://www.sra.org)

Internet Resources
- Global Risk Affairs – [www.globalriskaffairs.com](http://www.globalriskaffairs.com)
- Marvin Zonis – [www.marvinzonis.com](http://www.marvinzonis.com)
- PRS Group – [www.prsgroup.com](http://www.prsgroup.com)
- Risk World – [www.riskworld.com](http://www.riskworld.com)

LinkedIn Groups
- Political Risk Network - [www.linkedin.com/groups?gid=1415377](http://www.linkedin.com/groups?gid=1415377)
- Political Risk Assessment - [www.linkedin.com/groups?gid=2121515](http://www.linkedin.com/groups?gid=2121515)