

Career Opportunities in Political Risk Analysis

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. Additionally, 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 to 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 20 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. 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 and Entry Salaries

Internships are strongly recommended, especially if they teach accounting and financial skills or offer some insight into the political process. 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.

Salaries are competitive but vary widely depending on experience and on the type of organization. The smaller firms and governmental organizations offer anywhere from \$30-\$50,000 for an entry position, and larger consulting and insurance firms pay \$60,000 and above.

Qualifications Necessary/Application Procedures to Enter Field

Political risk analysts typically hold degrees in business, international relations 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.

Excellent research, analysis, and decision making abilities as well as good communication and writing skills are necessary to succeed in this field. Companies look for well-informed people who may be described as "intelligent risk takers."

Language skills, especially in reading and speaking, may be helpful when working in a position that is focused on a particular region, but the lack of such skills will not preclude one from employment in the field in general. In addition to language skills, some positions may require knowledge of a region that can only be obtained from having lived or worked there for a longer period of time.

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 that were named include the following: Accounting, Corporate Finance, Private Sector Project Finance, International Monetary System and Country Risk Analysis.

Although concentrating in an area study 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. Additionally, employers will value the analyst's ability to write concise and lucid reports.

Sample Employers

- Andreae Vic and Associates - www.avallc.com
- World Bank Group, www.worldbank.org
- Business Monitor International - <http://www.businessmonitor.com>
- Chubb - <http://www.chubb.com>
- CountryWatch, <http://www.countrywatch.com/>
- Organisation for Economic Co-operation and Development (OECD), www.oecd.org/home/
- The Overseas Private Investment Corporation (OPIC), www.opic.gov/
- Morgan Stanley (bank), www.morganstanley.com/
- J.P. Morgan (bank), www.jpmorgan.com/
- AIG (consulting), www.aig.com/
- Aon Corporation (consulting), www.aon.com/
- Control Risks (consulting), <http://www.control-risks.com/SitePages/Home.aspx>
- Deloitte Touche Tohmatsu - www.deloitte.com/emergingmarkets
- Exxon Mobile - www.exxonmobile.com
- Eurasia Group (consulting), www.eurasiagroup.net/
- Bloomberg Financial (rating services), www.bloomberg.com/
- Fitch (rating services), www.fitchratings.com/
- Kroll Associates - www.krollworldwide.com
- Marvin Zonis & Associates, Inc. <http://www.marvinzonis.com>
- MasterCard - <http://www.mastercard.us/>
- Medely Global Advisors - www.medleyadvisors.com
- Moody's Investors (rating services), www.moody.com/cust/default.asp
- Morgan Stanley Dean Wittier www.msdc.com
- Newslink Business Intelligence - www.newslink.net
- Oxford Analytica - www.oxan.com
- Profound Online Business Services - www.profound.com
- S.J. Rundt & Associates - www.rundtsintelligence.com
- Smith Brandon International - www.smithbrandon.com
- Sovereign risk Insurance Ltd. - www.xlcapital.com/
- Standard and Poor's (rating services), www.standardandpoors.com

- Stratfor - www.stratfor.com
- World Bank Group / MIGA, www.miga.org
- Zurich Re - <http://www.zurich.com>

Demand and Future Challenges of Profession

The rapid globalization of business and the escalating volatility of the financial markets have led to an increasing demand for professionals who possess the skills to help firms more efficiently manage their exposure to political and financial risks. The general outlook for women, minorities and international students appears comparable to other fields. International students do have an advantage when searching for employment with the World Bank, particularly females from underdeveloped countries.

Resources For More Information

Associations/Websites

- Howell International, <http://www.howellintl.com/>
- Association of Professional Insurance Women, www.apiw.org

Field Specific Information

Online Information Services and Intelligence Specialists

- Business Monitor International, www.businessmonitor.com
- CountryWatch, www.countrywatch.com
- Smith Brandon International, www.smithbrandon.com

Internet Resources

PRS Group - <http://www.prsgroup.com>

Risk Word - <http://riskworld.com>