

# EIU operationalriskmodel

A focus on operational risk in countries  
worldwide



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The EIU Operational Risk Model measures ten risk categories: security, political stability, government effectiveness, legal and regulatory, macroeconomic, foreign trade and payments, financial, tax policy, labour market and infrastructure across 150 countries. The ratings can be compared across markets and over time.

The model identifies 10 risk categories, to help answer the following questions:

<b>Security risk</b>	Is the physical environment sufficiently secure?
<b>Political stability risk</b>	Are political institutions sufficiently stable?
<b>Political efficacy risk</b>	Does the political culture foster the ability for businesses to operate effectively?
<b>Legal &amp; regulatory risk</b>	Is the legal system likely to safeguard investment?
<b>Macroeconomic risk</b>	Is the economy stable and predictable?
<b>Foreign trade &amp; payments risk</b>	What are the risks in getting inputs/money into or out of country?
<b>Financial risk</b>	How stable is the country's financial infrastructure?
<b>Tax policy risk</b>	Are taxes low, predictable and transparent?
<b>Labour market risk</b>	Are labour market factors likely to disrupt business operations?
<b>Infrastructure risk</b>	What is the risk that infrastructure deficiencies may cause a loss of income?

For each type of risk there is both a score and a rating, as well as an overall assessment score and rating. The model contains 66 risk indicators, or questions, each with a score. These scores can be modified to reflect your internal views or to create "what if" scenarios.

The EIU Operation Risk Model is ideal for companies who, as part of their investment decision-making processes, have an interest in assessing risks such as logistics, plant, personnel or the market environment. The model aims to convey both the range and intensity of threats to a return on investment.