



FTI Consulting Releases 2015 Risk Research Survey & Report: What Companies Do Right (and Wrong) in Emerging Markets

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WASHINGTON, June 24, 2015 (GLOBE NEWSWIRE) -- FTI Consulting, Inc. (NYSE:FCN), the global business advisory firm dedicated to helping organizations protect and enhance their enterprise value, today announced the release of its comprehensive *2015 Risk Research Survey & Report: What Companies Do Right (and Wrong) in Emerging Markets*.

FTI Consulting surveyed 150 business leaders of North American- and European-based multinationals with operations in emerging economies, specifically executives involved in risk and compliance, and found that 83 percent of the companies surveyed have suffered major incidents in emerging markets since 2010. The average loss per company was \$1.38 billion over that period of time. The average cost per incident was estimated to be \$325 million.

In 99 percent of incidents that involve a loss, the cause is either bribery or fraud, regulatory violations or reputational issues. Regulatory issues are the most frequent cause of loss, and bribery and fraud are the most expensive. The very worst incidents, including those that approached or exceeded \$1 billion, involved two or three of these issues occurring either together or in quick succession, with reputational issues invariably making a bad situation worse.

Leading companies, which include those that suffer the lowest losses and fewest incidents, protect themselves in three major ways that others do not, including maintaining a consistently good reputation; taking great care to comply with and influence the local regulatory environment; and working with the communities in which they do business in accordance with local cultural norms while maintaining the highest ethical standards.

In these ways, companies guard against all three kinds of risk while preventing any one from magnifying and generating others. In other words, leading companies not only act differently, they think differently about their businesses and their role in emerging economies.

"When companies attempt to do business overseas, they essentially become political as well as economic actors," said [Jackson Dunn](#), Senior Managing Director in the Strategic Communications segment at FTI Consulting. "The company's investment inevitably affects the local economy, and that has spillover effects in the political community. This places companies at reputational risk, which they frequently fail to understand or acknowledge."

The risk, according to Brazil-based [Eduardo Sampaio](#), Senior Managing Director in the Forensic & Litigation Consulting segment at FTI Consulting, is that some companies "are too hungry to make deals in hyped environments; therefore, they're closing deals without an adequate understanding of what they're getting into."

FTI Consulting experts and corporate leaders agree that companies that are most successful in avoiding losses are those that are deeply engaged with the communities in which they operate at both the political and community levels.

[John Klick](#), Global Leader of the Economic Consulting segment at FTI Consulting, commented, "Successful companies put a lot of effort into helping host countries establish economically rational regulatory environments, which benefit both investors and the host country over the long run, and in maintaining the stability of those regulatory environments as companies are buffeted by the inevitable winds of political change."

You can access the full report here: <http://ftijournal.com/article/what-companies-do-right-and-wrong-in-emerging-markets-long>.

About the Report

To conduct this report, FTI Consulting's *2015 Risk Research Survey & Report: What Companies Do Right (and Wrong) in Emerging Markets*, FTI Consulting surveyed 150 business leaders of North American- and European-based multinationals with operations in emerging economies, specifically executives involved in risk and compliance. The report provides examples of how successful companies manage those risks and engage with their communities.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 4,400 employees located in 26 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, strategic communications and restructuring. The Company generated \$1.76 billion in revenues during fiscal year 2014. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

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