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**Cost cutting and pricing pressures fastest growing risks to global business in 2011**

* **Market risk and expansion of government’s role new entrants to annual risk radar**
* **Regulation remains biggest overall risk**
* **Emerging markets demand growth biggest opportunity for 2011**

*Prague, 20. January 2011 –* Regulation and compliance remains the biggest risk to global businesses in 2011, with the expansion of government’s role as a new entrant in Ernst & Young’s fourth annual *Global Business Risk Report,* which canvasses the views of leading analysts, academics and industry executives. However the most significant changes from the 2010 report are that cost cutting has moved up four places to take the number two position and pricing pressures has moved up ten places to fifth.

Jan Fanta, Ernst & Young Advisory Partner, comments on why pricing has become such a rising challenge: *“We’re seeing intense competition in the global marketplace, which looks set to increase. As companies fight for market share, against a backdrop of slow growth in developed countries and a land-grab in emerging markets, it’s no surprise that pricing pressure is the biggest climber – and, in order to price right, companies need to optimize costs.”*

Top 10 Global Business Risks for 2011. Ranking for 2010 in brackets

1. Regulation and compliance (1)
2. Cost-cutting (6)
3. Slow recovery/double dip recession (3)
4. Market risks (New)
5. Pricing pressure (15)
6. Managing talent (4)
7. Access to credit (2)
8. Social acceptance risk / CSR (9)
9. Expansion of government’s role (New)
10. Emerging technologies (13)

This year also sees market risks entering the top ten for the first time. This suggests business concerns over the Eurozone intensifying, as many corporate risks have been absorbed into sovereign risk. According to *Competing for Growth,* a recent Ernst & Young study, markets are now more volatile and more varied than before the financial crisis.

Access to credit has fallen from the number two risk in 2010, to the number seven risk for 2011, indicating some improvement in business lending conditions. Nonetheless, there are still restrictions on credit and the outlook is uncertain. The research also identified excellence in investor relations as a top ten opportunity for global businesses, as companies operating in an environment of scarce credit look to win the confidence of investors.

**Looking for opportunities in 2011**

Perhaps unsurprisingly considering current and forecasted growth rates, emerging market demand growth was cited as the top business opportunity for 2011.

Fanta comments: *“Emerging markets clearly offer enormous potential for growth, particularly for resources based exporting economies and for many of the mature market economies, who are chasing an export-led recovery on the back of weaker currencies.”*

Innovating in products, services and operations and improving execution of strategy across business functions were identified as the second and third biggest opportunities for global businesses in 2011, indicating a renewed focus on strengthening competitiveness and growth as we enter the new year.

Other trends identified as important opportunities in the years ahead include the rise of clean technology, new marketing channels created by social media and a growth in public-private partnerships.

Top 10 Global Business Opportunities

1. Emerging market demand growth
2. Innovating in products, services and operations
3. Improving execution of strategy across business functions
4. Investing in IT
5. Investing in cleantech
6. Investing in process, tools and training to achieve greater productivity
7. Merger and acquisition
8. New marketing channels
9. Private public partnership
10. Excellence in investor relations

**Research methodology:**

The research was conducted by Oxford Analytica. A panel of more than 75 industry executives and analysts, representing seven industry sectors were asked to rank the top ten business opportunities and risks for 2011. The panellists included strategy planning executives, chief risk officers, corporate board members, business unit directors, academics, independent consultants, and our own Ernst & Young practice professionals.

The panellists’ ratings were grouped by sector and aggregated to select the final top ten and below-the-radar opportunities and risks for each sector. The opportunities and risks that were rated as having the greatest impact across the largest number of sectors were identified as the top 10 challenges for global business in 2011.

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