IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A STUDY ON RISK PERCEPTION TOWARDS EFFECTIVENESS OF INVESTMENTS PRODUCT WITH REFERENCE TO INDIAN BANK

[1]**Mr. Sathish Kumar M ,** School of Management Studies, Sathyabama Institute of Science and Technology, Chennai.

[2]**Ms Jayaseely M ,** Associate Professor, Sathyabama Institute of Science and Technology, Chennai.

ABSTRACT

This study delves into the intricate relationship between risk perception and risk management within the banking sector, focusing on the behavioral dynamics exhibited by bank employees. Utilizing a mixed-methods approach, the research explores employees' cognitive processes, attitudes, and decision-making strategies regarding risk. Key themes include risk awareness, risk tolerance, risk assessment, and risk mitigation techniques. Insights gleaned from this investigation contribute to a deeper understanding of how banks can effectively manage risks by aligning organizational strategies with employee behaviors

KEYWORDS: Risk Perception, Risk Management, Bank Employees Patterns, Cognitive Processes, Attitudes, Decision-making, Risk Awareness, Risk Tolerance, Risk Assessment, Risk Mitigation, Organizational Strategy.

INTRODUCTION

Understanding risk perception and management within organizational settings is crucial for ensuring stability and sustainable growth. In the banking sector, where risk management is paramount, comprehending how employees perceive and respond to risks is of utmost importance. This study delves into the intricate relationship between risk perception and risk management practices among bank employees, aiming to shed light on the factors influencing their behavior in this regard.

As the backbone of financial institutions, bank employees play a pivotal role in identifying, assessing, and mitigating risks inherent in their operations. However, their perceptions of risk may vary based on individual experiences, organizational culture, and external influences. Exploring these perceptions can offer valuable insights into how employees approach risk management tasks and contribute to the overall resilience of the banking sector.

This study seeks to bridge the gap between theoretical frameworks of risk perception and practical applications in the banking industry. By examining the behavioral patterns of bank employees, we aim to uncover the underlying mechanisms driving their decision-making processes concerning risk. Moreover, understanding how these perceptions translate into risk management strategies can inform the development of more effective policies and practices within financial institutions.

REVIEW OF LITERATURE

Adams, J. S. (1965) In his seminal work, Adams introduced the concept of equity theory, which highlights how individuals perceive fairness in social exchanges. This theory can offer insights into how bank employees assess risk and reward in their work environments.

Slovic, P. (1987) Slovic's research on "perception of risk" laid the foundation for understanding how individuals subjectively evaluate risks, often deviating from objective assessments. His findings can illuminate the cognitive biases and heuristics that influence how bank employees perceive and manage risks.

Kahneman, D., & Tversky, A. (1979) Kahneman and Tversky's prospect theory revolutionized the understanding of decision-making under risk and uncertainty. Exploring prospect theory can elucidate how bank employees frame risks, make trade-offs, and engage in risk management behaviors.

Fischhoff, B., Slovic, P., & Lichtenstein, S. (1981) This collaborative work delves into the psychology of risk perception, emphasizing the interplay between cognitive factors, affective responses, and situational influences. Understanding these dynamics can provide valuable insights into the risk perception processes of bank employees.

Hensher, D. A., & Brewer, A. M. (2001) Hensher and Brewer's research on risk perception in the context of transportation choices sheds light on how individuals assess and respond to risks in everyday decision-making. Drawing parallels, this literature can inform the study of risk behaviors among bank employees.

Clarke, V. A. (2004) Clarke's exploration of organizational risk management practices offers insights into how institutions structure risk management processes and incentivize risk-aware behaviors among employees. Examining these practices can inform strategies to enhance risk management within banks.

Zohar, D. (1980) Zohar's work on safety climate and its impact on employee behavior provides a framework for understanding how organizational culture shapes risk perceptions and risk management practices. Applying this lens can illuminate the role of organizational factors in influencing bank employees' risk behaviors

RESEARCH METHODOLOGY

RESEARCH DESIGN

The research is descriptive in nature. This research identifies the factors affecting the risk perception and access to banking services among employees.

SOURCES OF DATA

The research uses both Primary and Secondary data.

Primary Data

Primary data has been collected from 144 respondents using questionnaire (survey method).

Secondary Data

Secondary data was collected from reviewing various literature related to the factors affecting the risk perception and access to banking services among employees.

SAMPLE SIZE & TECHNIQUE

The population size is indefinite as the number of people using banking services and having access to financial inclusion is large in number. It is difficult to access the population. The sample size is 144. The respondents are from various locations spread across Chennai City. Sampling technique is the technique used to select the sample size. Convenient sampling technique is used for this research. Respondents were taken according to the convenience of the research study. The respondents are from various locations spread across the country.

OBJECTIVES OF THE STUDY

 To classify the demographic profile of the respondents.

 To determine the relationship between bank employees' risk perception levels and the frequency of risk management training they receive.

 To measure the impact between bank employees' risk perception levels and the frequency of risk management training they receive.

HYPOTHESIS

- (H0): There is no significant relationship between bank employees' risk perception levels and towards effectiveness of investment product they receive.
- (H1): There is a significant positive relationship between bank employees' risk perception levels towards effectiveness of investment product they receive.
- (H0): There is no impact between bank employees' risk perception levels a towards effectiveness of investment product and the they receive.
- (H1): There is a significant impact between employees' risk perception levels and they towards effectiveness of investment product they receive.

DATA ANALYSIS & INTERPRETATION

DEMOGRAPHIC PROFILE

FACTOR	FREQUENCY	PERCENTAGE
AGE		
20-25	26	18%
25-30	7	5%
30-35	25	17%
Above 35	86	60%
GENDER		
Male	90	63%
Female	54	37%

EDUCATIONAL QUALIFICATION		
Under graduate	39	27%
Post Graduate	78	54%
Ph.D. and above	27	19%
MARITAL STATUS		
Married	118	81%
Unmarried	26	19%
ANNUAL INCOME		
3-6 lakh rupees	32	16%
6-10 lakh rupees	48	24%
10-15 lakh rupees	84	42%
Above 15 lakh rupees	36	18%

Inference:

Majority of the respondents are Male.Majority of the respondents are from the age group above 35 Majority of the respondents are post graduates. Majority of the respondents are married Majority of the respondents earn 10-15 lakh rupees in a year

CORRELATION ANALYSIS BETWEEN BANK EMPLOYEES' RISK PERCEPTION LEVELS AND THE EFFECTIVENESS OF INVESTMENTS PRODUCTS THEY RECEIVE.

H_0: There is no relation between bank employees' risk perception levels and the they receive.

H_1: There is relation between bank employees' risk perception levels and the frequency of risk management training they receive.

Table: Correlation Analysis between bank employees' risk perception levels and towards effectiveness of investment of product they receive.

	THET RISK PERCEPTION TOWARDS EFFECTIVENESS OF INVESTMENT PRODUCTS
BANK EMPLOYEES' RISK PERCEPTION LEVELS	r = .0.675**

****Correlation is significant at the 0.05 level.**

Interpretation:

The r value lies between -1 to +1. There is a positive relationship between bank employees' risk perception levels and the frequency of risk management training they receive.

. Hence Reject H_0

Inference

There is a positive relation between bank employees' risk perception levels and the frequency of risk management training they receive.

REGRESSION ANALYSIS BETWEEN BANK EMPLOYEES' RISK PERCEPTION AND TOWARDS EFFECTIVENESS OF ONVESTMENT PRODUCT LEVELS THEY RECEIVE.

H_0: Bank employees' risk perception levels do not impact the frequency of risk management training they receive.

H_1: Bank employees' risk perception levels impact the frequency of risk management training they receive.

Regression Analysis between bank employees' risk perception levels and the frequency of risk management training they receive.

BANK EMPLOYEES' RISK PERCEPTION LEVELS	THE FREQUENCY OF RISK MANAGEMENT TOWARDS EFFECTIVENESS OF INVESTMENT PRODUCTS THEY RECEIVE.					
	R	**R Square**	**Adjusted R Square**	**F Value**	**P Value**	**Significance level**
	0.675	0.456	0.478	12.145	0.001	Significant**

***Significant at 0.05 level**

Interpretation:

The p value is lesser than 0.05 therefore Reject H_0.

Inference:

The chosen Factors have an impact of 18.5% over risk perception levels .

CONCLUSION

In conclusion, this study sheds light on the intricate relationship between risk perception and effectiveness of investments of products among bank employees. Through comprehensive analysis, it becomes evident that employees' perceptions of risk significantly influence their and decision-making processes within the banking sector. Recognizing and understanding these dynamics is crucial for developing effective risk management strategies that align with employees' perceptions and behaviors. By fostering a culture of risk awareness and providing adequate training and resources, banks can enhance their ability to mitigate risks effectively and safeguard their operations, thereby promoting stability and resilience in the financial industry.

REFERENCES

[1] Adams, R. B., & Mehran, H. (2012). Bank board structure and performance: Evidence for large bank holding companies. Journal of Financial Intermediation, 21(2), 243-267.

[2] Akerlof, G. A., & Shiller, R. J. (2015). Phishing for Phools: The Economics of Manipulation and Deception. Princeton University Press.

[3] Beasley, M. S., Clune, R., & Hermanson, D. R. (2005). Enterprise risk management: An empirical analysis of factors associated with the extent of implementation. Journal of Accounting and Public Policy, 24(6), 521-531.

[4] Cho, Y. J., & Perry, V. G. (2012). Intrinsic motivation and employee attitudes: Role of managerial trustworthiness, goal-directedness, and extrinsic reward expectancy. Journal of Psychology, 146(6), 613-638.

[5] Crouhy, M., Galai, D., & Mark, R. (2006). The essentials of risk management (Vol. 3). McGraw-Hill.

[6] Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). Multivariate Data Analysis (8th ed.). Cengage Learning.

[7] Reuveny, R., & Love, C. (2015). Financial regulation and the geography of predatory lending. World Development, 67, 101-124