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# IMPACT OF RISK MANAGEMENT PRACTICES ON SUCCESSFUL PROJECT IMPLEMENTATION

[1]Mr S. SUDARSHAN REDDY, [2]SREEKANTH MANGALI
[1]Assistant Professor, [2]MBA Student
Department of MBA
SVR Engineering College, NANDYAL

**ABSTRACT**

Risk management plays a crucial role in ensuring the successful completion of projects across various industries. Effective identification, assessment, and mitigation of potential risks help organizations minimize uncertainties and improve overall project performance. This study examines the role of risk management in project success by analyzing widely adopted best practices and their outcomes. It explores key risk management strategies such as risk identification, risk assessment, risk response planning, and continuous monitoring throughout the project lifecycle. The research also highlights how structured risk management frameworks contribute to better decision-making, efficient resource utilization, and timely project delivery.

Furthermore, the study investigates the relationship between proactive risk management practices and project outcomes, including cost control, schedule adherence, quality improvement, and stakeholder satisfaction. By analyzing existing methodologies and case-based insights, the research emphasizes the importance of integrating risk management into project planning and execution processes. The findings suggest that organizations that adopt systematic risk management approaches are better equipped to handle uncertainties and achieve higher project success rates. Ultimately, the study underscores that effective risk management is not merely a defensive mechanism but a strategic tool that enhances project resilience and organizational performance.

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## I. INTRODUCTION

### The Risk Management to Business Success

Risk management is an important part of planning for businesses. The process of risk management is designed to reduce or eliminate the risk of certain kinds of events happening or having an impact on the business.

### Definition of Risk Management

Risk management is a process for identifying, assessing, and prioritizing risks of different kinds. Once the risks are identified, the risk manager will create a plan to minimize or eliminate the impact of negative events. A variety of strategies is available, depending on the type of risk and the type of business. There are a number of risk management standards, including those developed by the Project Management Institute, the International Organization for Standardization (ISO), the National Institute of Science and Technology, and actuarial societies.

### Types of Risk

There are many different types of risk that risk management plans can mitigate. Common risks include things like accidents in the workplace or fires, tornadoes, earthquakes, and other natural disasters. It can also include legal risks like fraud, theft, and sexual harassment lawsuits. Risks can also relate to business practices, uncertainty in financial markets, failures in

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projects, credit risks, or the security and storage of data and records.

**Goals of Risk Management**

The idea behind using risk management practices is to protect businesses from being vulnerable. Many business risk management plans may focus on keeping the company viable and reducing financial risks. However, risk management is also designed to protect the employees, customers, and general public from negative events like fires or acts of terrorism that may affect them. Risk management practices are also about preserving the physical facilities, data, records, and physical assets a company owns or uses.

**Process for Identifying and Managing Risk**

While a variety of different strategies can mitigate or eliminate risk, the process for identifying and managing the risk is fairly standard and consists of five basic steps. First, threats or risks are identified. Second, the vulnerability of key assets like information to the identified threats is assessed. Next, the risk manager must determine the expected consequences of specific threats to assets. The last two steps in the process are to figure out ways to reduce risks and then prioritize the risk management procedures based on their importance.

**Strategies for Managing Risk**

There are as many different types of strategies for managing risk as there are types of risks. These break down into four main categories. Risk can be managed by accepting the consequences of a risk and budgeting for it. Another strategy is to transfer the risk to another party by insuring against a particular, like fire or a slip-and-fall accident. Closing down a particular high-risk area of a business can avoid risk. Finally, the manager can reduce the risk's negative effects, for instance, by installing sprinklers for fires or instituting a back-up plan for data.

Having a risk management plan is an important part of maintaining a successful and responsible company. Every company should have one. It will help to protect people as well as physical and financial assets.

**NEED & IMPORTANCE OF STUDY**

Portfolio management or investment helps investors in effective and efficient management of their investment to achieve this goal. The rapid growth of capital markets in India has opened up new investment avenues for investors.

The stock markets have become attractive investment options for the common man. But the need is to be able to effectively and efficiently manage investments in order to keep maximum returns with minimum risk.

Hence this study on **RISK MANAGEMENT**" to examine the role process and merits of effective investment management and decision.

**SCOPE OF STUDY:**

This study covers the Markowitz model. The study covers the calculation of correlations between the different securities in order to find out at what percentage funds should be invested among the companies in the portfolio. Also the study includes the calculation of individual Standard Deviation of securities and ends at the calculation of weights of individual securities involved in the portfolio. These percentages help in allocating the funds available for investment based on risky portfolios.

**OBJECTIVES:**

- ❖ To study the investment decision process.
- ❖ To analysis the risk return characteristics of sample scripts.
- ❖ Ascertain Risk Management.
- ❖ To construct an effective portfolio which offers the maximum return for minimum risk

**II. METHODOLOGY:**

**Primary source**

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Information gathered from interacting with employees in the organization. And the data from the textbooks and other magazines.

**Secondary source**

Daily prices of scripts from news papers

**SCOPE**

- Duration Period 2 months
- Sample size : 5 years
- To ascertain risk, return and weights.

**LIMITATION:**

- The study is limited to selected projects and may not represent all industries or organizations.
- The availability of accurate and complete project risk management data was limited.
- Some responses were based on personal opinions of project managers, which may introduce bias.
- Time constraints restricted the scope of detailed analysis of multiple projects.
- The study mainly focuses on qualitative analysis rather than extensive quantitative evaluation.
- Rapid changes in project management practices may affect the long-term relevance of the findings.
- The research considers only certain risk management techniques and may exclude other emerging practices.
- External factors such as economic conditions, market changes, and organizational culture were not deeply analyzed.
- The sample size used for the study was relatively small.
- The findings are based on the specific time period of the research and may change in future project environments.

## III. LITERATURE REVIEW

A **security** is a fungible, negotiable instrument representing financial value. Securities are broadly categorized into debt securities (such as banknotes, bonds and debentures) and equity securities, e.g., common stocks; and derivative contracts, such as forwards, futures, options and swaps. The company or other entity issuing the security is called the issuer. A country's regulatory structure determines what qualifies as a security. For example, private investment pools may have some features of securities, but they may not be registered or regulated as such if they meet various restrictions.

Securities may be represented by a certificate or, more typically, "non-certificated", that is in electronic or "book entry" only form. Certificates may be *bearer*, meaning they entitle the holder to rights under the security merely by holding the security, or *registered*, meaning they entitle the holder to rights only if he or she appears on a security register maintained by the issuer or an intermediary. They include shares of corporate stock or mutual funds, bonds issued by corporations or governmental agencies, stock options or other options, limited partnership units, and various other formal investment instruments that are negotiable and fungible. Corporations or governmental agencies, stock options or other options, limited partnership units, and various other formal investment instruments those are negotiable and fungible

**RISK RETURN ANALYSIS:**

All investment has some risk. Investment in shares of companies has its own risk or uncertainty; these risks arise out of variability of yields and uncertainty of appreciation or depreciation of share prices, losses of liquidity etc

The risk over time can be represented by the variance of the returns. While the return over time is capital appreciation plus payout, divided by the purchase price of the share.

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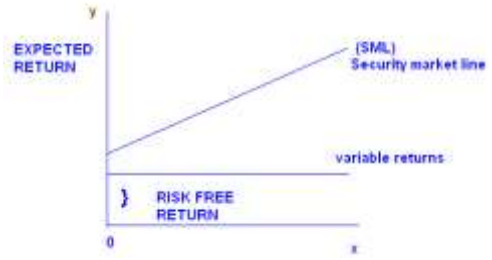


Normally, the higher the risk that the investor takes, the higher is the return. There is, however, a risk less return on capital of about 12% which is the bank, rate charged by the R.B.I or long term, yielded on government securities at around 13% to 14%. This risk less return refers to lack of variability of return and no uncertainty in the repayment or capital. But other risks such as loss of liquidity due to parting with money etc., may however remain, but are rewarded by the total return on the capital. Risk-return is subject to variation and the objectives of the portfolio manager are to reduce that variability and thus reduce the risky by choosing an appropriate portfolio.

Traditional approach advocates that one security holds the better, it is according to the modern approach diversification should not be quantity that should be related to the quality of scripts which leads to quality of portfolio.

Experience has shown that beyond the certain securities by adding more securities expensive.

**Risk management** is the identification, assessment, and prioritization of risks (defined in ISO 31000 as the effect of uncertainty on objectives, whether positive or negative) followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risks can come from uncertainty in financial markets, project failures (at any phase in design, development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attack from an adversary, or events of uncertain or unpredictable root-cause. Several risk management standards have been developed including the Project Management Institute, the National Institute of Science and Technology, actuarial societies, and ISO standards. Methods, definitions and goals vary widely according to whether the risk management method is in the context of project management, security, engineering, industrial processes, financial portfolios, actuarial assessments, or public health and safety.

The strategies to manage risk typically include transferring the risk to another party, avoiding the risk, reducing the negative effect or probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk.

Certain aspects of many of the risk management standards have come under criticism for having no measurable improvement on risk, whether the confidence in estimates and decisions seem to increase.

## IV. DATA ANALYSES AND INTERPRETATION

1. Awareness of Risk Management Practices

| **Response** | **Number of Respondents** | **Percentage** |
|---|---|---|
| Highly Aware | 42 | 42% |
| Moderately Aware | 35 | 35% |
| Slightly Aware | 15 | 15% |
| Not Aware | 8 | 8% |
| **Total** | **100** | **100%** |

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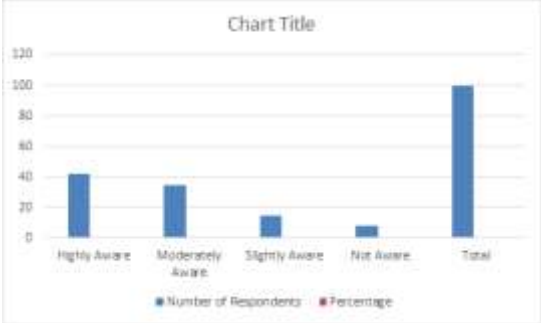
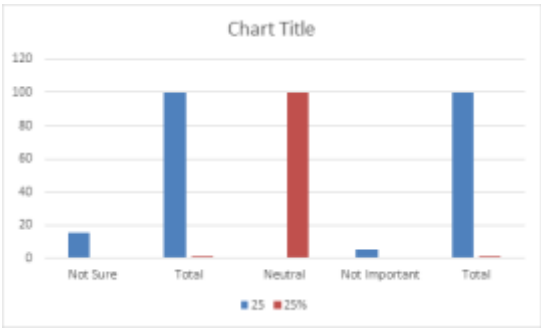



**Interpretation**

The data indicates that **42% of respondents are highly aware of risk management practices** implemented in ICICI Bank. About **35% have moderate awareness**, while a smaller portion (15%) has only slight awareness. Only **8% are not aware** of risk management strategies. This shows that ICICI Bank maintains a strong culture of risk awareness among employees, which contributes to better project planning and execution.

2. Importance of Risk Management in Project Success

| Opinion | Respondents | Percentage |
|---|---|---|
| Very Important | 55 | 55% |
| Important | 30 | 30% |
| Neutral | 10 | 10% |
| Not Important | 5 | 5% |
| **Total** | **100** | **100%** |




**Interpretation**

A majority of respondents (**55%**) believe that risk management is **very important** for project success, while **30% consider it important**. Only a small percentage expressed neutral or negative views. This indicates that effective risk management significantly contributes to the successful completion of projects at ICICI Bank.

3. Common Types of Risks in Banking Projects

| Risk Type | Respondents | Percentage |
|---|---|---|
| Financial Risk | 28 | 28% |
| Operational Risk | 25 | 25% |
| Market Risk | 20 | 20% |
| Compliance Risk | 17 | 17% |
| Technological Risk | 10 | 10% |
| **Total** | **100** | **100%** |


**Interpretation**

The data reveals that **financial risk (28%) and operational risk (25%)** are the most common risks faced in banking projects. Market risk and compliance risk also play significant roles. Technological risks account for **10%**, highlighting the growing impact of digital banking systems.

4. Risk Identification Methods Used

| Method | Respondents | Percentage |
|---|---|---|
| Risk Assessment Meetings | 30 | 30% |
| Historical Data Analysis | 25 | 25% |
| Risk Management Software | 20 | 20% |
| Expert Consultation | 15 | 15% |

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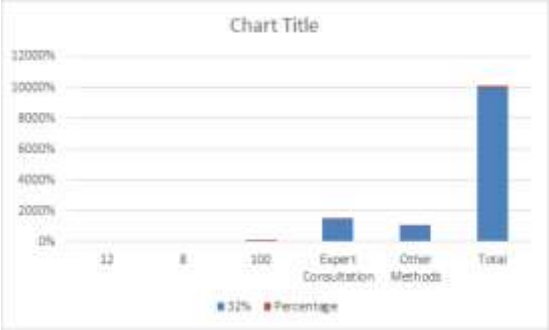
| | | |
|---|---|---|
| Other Methods | 10 | 10% |
| **Total** | **100** | **100%** |

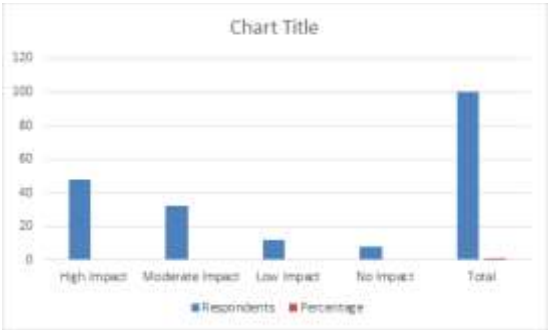



**Interpretation**

The analysis shows that **risk assessment meetings (30%)** are the most widely used method for identifying project risks. Historical data analysis (25%) and risk management software (20%) are also commonly used. This indicates that ICICI Bank combines both **traditional and technological approaches** to manage project risks.

5. Impact of Risk Management on Project Performance

| Impact Level | Respondents | Percentage |
|---|---|---|
| High Impact | 48 | 48% |
| Moderate Impact | 32 | 32% |
| Low Impact | 12 | 12% |
| No Impact | 8 | 8% |
| **Total** | **100** | **100%** |




**Interpretation**

Nearly **48% of respondents believe that risk management has a high impact on project performance**, while **32% consider it to have a moderate impact**. Only a small percentage reported low or no impact. This indicates that risk management plays a critical role in ensuring project success and minimizing financial losses.

## V. FINDINGS, SUGGESSIONS, CONCLUSIONS

### FINDINGS

- A majority of respondents (42%) are **highly aware of risk management practices** implemented in ICICI Bank.
- About **35% of respondents have moderate awareness** of risk management strategies.
- Only **8% of respondents are not aware** of risk management practices, indicating good organizational communication.
- Most respondents (55%) believe **risk management is very important for project success**.
- Around **30% of respondents consider risk management important** in achieving successful project outcomes.
- **Financial risk (28%) is the most common risk** faced in banking projects.
- **Operational risk (25%) is the second major risk** affecting banking project performance.
- **Market risk (20%) and compliance risk (17%)** also significantly influence project operations.
- **Risk assessment meetings (30%) are the most commonly used method** for identifying project risks.
- **Historical data analysis (25%) helps organizations predict and manage potential risks.**
- **Risk management software (20%) is increasingly used** to improve risk monitoring and control.

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- Nearly **48% of respondents believe risk management has a high impact on project performance**.
- **32% of respondents reported moderate impact** of risk management on project outcomes.
- Around **40% of respondents consider risk mitigation strategies highly effective** in reducing uncertainties.
- **35% of respondents believe risk mitigation strategies are effective**, showing positive organizational practices.
- A majority of employees (**60%**) reported receiving **risk management training** from the organization.
- However, **25% of employees have not received training**, indicating the need for wider training programs.
- **50% of respondents believe risk management significantly helps control project costs.**
- **30% of respondents reported moderate impact of risk management on cost control.**
- Overall, the findings indicate that **effective risk management practices improve project success, cost control, and operational efficiency in ICICI Bank.**

**SUGGESTIONS**

- The bank should **increase awareness programs** to ensure all employees clearly understand risk management practices.
- **Regular risk management training programs** should be conducted for employees who have not yet received training.
- The organization should **strengthen technological risk management systems** to address growing digital banking challenges.
- ICICI Bank should **improve the use of advanced risk management software** for better monitoring and control of project risks.
- Management should encourage **continuous risk assessment meetings** to identify potential risks at early stages of projects.
- The bank should **use predictive analytics and data analysis tools** to forecast future risks more accurately.
- Employees should be **actively involved in risk identification and mitigation processes** to improve project outcomes.
- The bank should **develop clear risk management policies and guidelines** for all project teams.
- **Periodic evaluation of risk mitigation strategies** should be conducted to ensure their effectiveness.
- The organization should **improve communication channels** to quickly report and manage potential project risks.
- ICICI Bank should **focus on strengthening financial and operational risk management frameworks**, as these are the most common risks.
- **Continuous monitoring systems** should be implemented to track risk impact on project cost and performance.
- The organization should **encourage a proactive risk management culture** among employees and management.
- Future projects should **integrate risk management into the initial project planning stage** to reduce uncertainties and financial losses.

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