

Employee Behavior Management from the Perspective Of Bank Operation Risk -- Reflection to "Lost Direction"

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Abstract

"Basel New Capital Accord" Summarized the main business risks of the bank as credit risk, market risk, operational risk. among them, credit risk and market risk are exogenous, operational risk is significantly endogenous, and operational risk is the root risk in bank operations, because the "person" in operational risk is the root cause of all risks. This paper discusses the behavior management of bank employees based on the perspective of operational risk.

Keywords

Bank employee, Derailed, Behavior management.

1. Introduction

Bank operations require investment in human resources and non-human resources. Among them, human resources are attached to bank employees. Bank employees are subjective and have a subjective initiative. Therefore, human resources are an active resource, and non-human resources are a passive resource. All non-human resources must be under the control of human resources, such as: business environment, system norms, management methods, machinery and equipment. And market risk and credit risk are generated under the decision of operational risk. For example, the Bank of America crisis in the 1980s and the bankruptcy of the Bank of Bahrain, mainly because inflation and the oil crisis caused the deposit and loan institutions to collapse rapidly. The reason is that the internal functions of the enterprise are unclear and the power is too concentrated, and there is no stable development strategy. Therefore, the key to controlling the bank's operational risk lies in the management of human resources, and only the management of human resources can control the operational risks.

2. Overview of Employees' Deviant Violations

"Lost Direction" Compiled 59 typical cases of violations of laws and regulations by young employees of Agricultural Bank during 2007-2017. In these cases, there are cases of corruption, misappropriation, bribery, drug abuse, drug trafficking, theft, intentional homicide, etc.; there are high-intelligence crimes using scientific and technological means, as well as low-level and simple reckless crimes; the causes of crime are not only individual behaviors In terms of factors, there are loopholes in institutional supervision.

Among these employees, there are middle and high-level cadres as well as grassroots tellers. There are both the transfer of interests with the enterprise, and the grievances and hatreds generated by the social unscrupulous elements. There are both the "second generation of silver" and the "three generations of silver" from the financial family, and there are also children of rural families who are born in the cold. They should have a bright future, but they have gone astray on the road of life. They have not only ruined themselves, but also brought huge economic losses and reputation losses to the Agricultural Bank.

3. Economic Analysis of Deviance of Employee Behavior

Why are bank employees deviant and illegal? Wang Xiaodong believes that the deviant risk of bank employees will always exist along with the bank's operations. Banks can't really reduce the risk to zero. What banks can do is constantly monitor it. [1] From the perspective of economics, bank employees rely on the asymmetry of information to maximize their own interests and damage the interests of banks. The reason for this risk is that bank employees and banks have inconsistent objective functions. Therefore, bank employees will be deceived, corrupted, etc. At the same time, banks are not able to understand the uncertainties of employees, and employees will hide their behavior.

Since bank employees are both the demanders of deviant behaviors and the providers of deviant behaviors, the extent of deviant behavior depends on the marginal conditions of deviant behavior. Suppose A is the contractual income of the bank employee, and B is the income brought by the derailment. The profit from the derailment is A+B, assuming that the probability of the employee being investigated is P ($0 < P < 1$). If the deviant gain is greater than or equal to the cost, then the derailment occurs, ie $(1-P)(A+B) \geq A$. If the employee is found, he will face punishment. In this case, the condition that the deviant behavior still occurs becomes $(1 - P)(A + B) - PC \geq A$; C is the penalty gain and loss.

In the rational person hypothesis, the bank staff always expects the utility to be maximized, then the utility of the employee not deviating is: $W1 = F(A)$; the employee's deviant behavior can be undiscovered and discovered. The undiscovered utility is $W3 = F[(A+B)(1-P)]$, the utility found is $W4 = F[(AC)P]$, therefore, the total utility of the staff is $W2 = W3 + W4 = F[(A+B)(1-P)] + F[(AC)P]$.

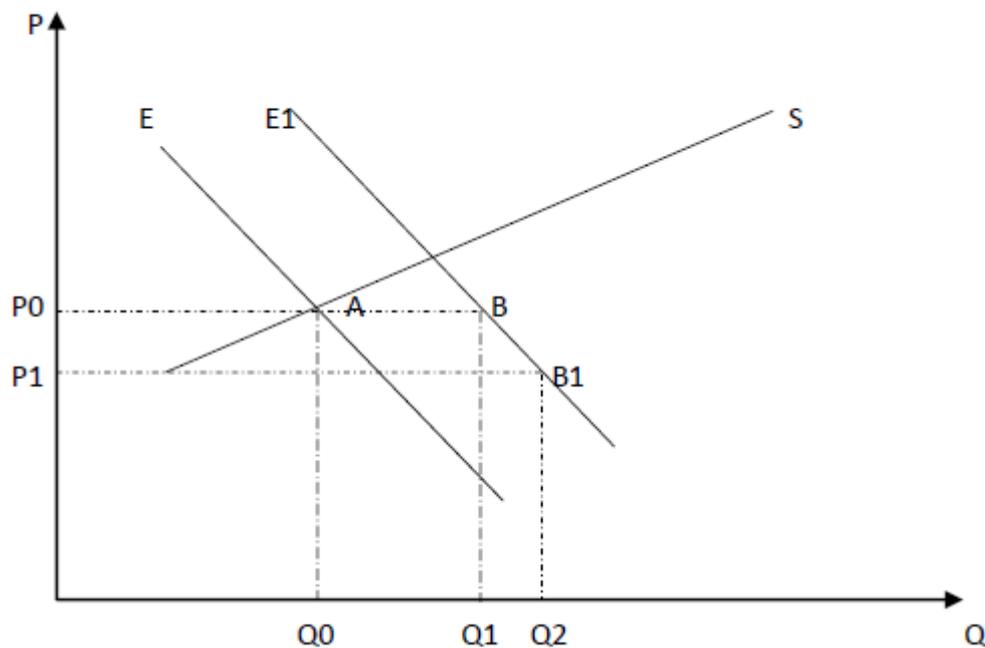
In the above model, when $W1 > W2$, the employee will try to avoid the risk rejection behavior deviating. When $W1 = W2$, the employee will generate uncertain behavior. When $W1 < W2$, the employee will be driven by the interest and the selection behavior will be deviated.

4. Internal Analysis of Employee Behavior Deviance

"Basel New Capital Accord" divides banking operational risk into seven main types: internal fraud; external fraud; employment policy and workplace safety; product and business operational security; physical capital damage; business disruption and system failure. ; execution, delivery and process management.[2] These seven types of operational risks are independent of each other and are interrelated. This article only discusses employee behavior in internal fraud types.

4.1. Employees' Expectations for Regulation Are Reduced

This article mainly studies the root cause of the internal fraud type - "people" in the case of "Lost Direction", and explores the internal reasons of its deviant behavior. Here, it is necessary to introduce the employee's behavior manager - the supervisor. Construct the supervision (S) and employee behavior (E) curves (see Table 1), assuming that the employees in the bank are in equilibrium with the supervisors, the probability of employees being supervised is P_0 , and the amount of employees deviating is Q_0 , with the bank Reengineering and business philosophy are transformed into "customer-centric", employees are given more power and operation space. If employees' professional ethics and technical ability are unchanged, employee behavior (E) will move to E_1 to the right. Equilibrium reaches point B. At this time, the amount of derailment increases to Q_1 , and the probability of employees being supervised drops to P_1 . When P_1 arrives, the expected supervision of employees will become lower, and the new equilibrium B_1 will be reached. To Q_2 , employees' expectations of regulation are negatively correlated with the amount of derailment.

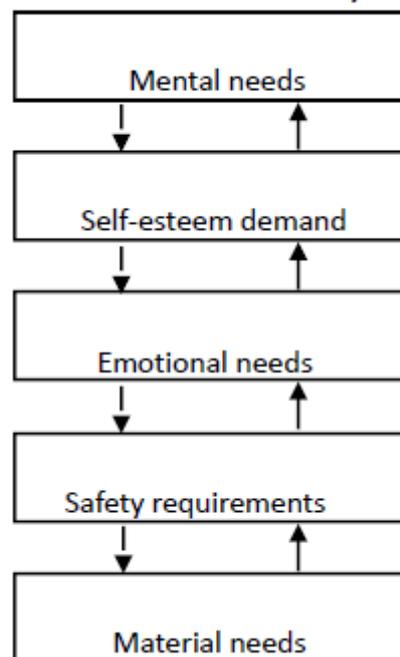
Table 1. Regulatory expectations and changes in the amount of derailed

4.2. Staff Assessment Mechanism Needs to Be Improved

In the current employee salary method, the salary of the employee is mainly composed of the basic salary and the performance salary. The difference in the basic salary is not large, and the performance salary is directly linked to the products and agent products of the employee marketing. This mechanism is too focused on performance assessment, and does not include risk control in an effective assessment. For the promotion assessment of employees, it also mainly refers to the performance of employees. This makes employees tend to focus on performance growth, try to obtain promotion opportunities through short-term performance growth, and ignore the importance of internal control compliance. Directly leading the head of the branch to review the loan before, during, and after the loan, and even assist the client to complete the trust loan approval information. At the end of the quarter, the deposit assessment will not hesitate to reach a business with the small loan company in the society. Cooperation. When the grassroots employees represent insurance and fund products, they deliberately conceal risks and even “fly the list” for their own benefit.

4.3. Employees Lack Spiritual Pursuit

Young employees generally accepted the baptism of market economy, globalization and the three changes of the Internet. This process is a stage in which values are easily distorted. Under the temptation of money worship and hedonism, they gradually lose the professional ethics of bankers and become material. Slave, lack of spiritual culture. According to Maslow's hierarchy of needs (see Table 2), there are two different needs in the human value system. One is the instinct impulse from top to bottom, and the other is self-seeking from the bottom up. [3] Young employees who come into contact with many business bosses at work will have an adoring psychology, a comparison psychology, and gradually lose their spiritual pursuits. Silence can't extricate themselves in material enjoyment, and can't restrain the instinct impulse from top to bottom, and develop into utilization. In order to gain personal gain, the unit will bring immeasurable losses to the unit.

Table 2. Maslow's hierarchy of needs

5. Countermeasures for Bank Employee Behavior Management

5.1. Establish A Sound Evaluation System

For the employees in the industry, the human resources department can adopt a risk evaluation system and a value evaluation system to regularly evaluate employees and evaluate the contribution, loyalty and satisfaction of employees to the unit, and comprehensively grasp the ideological status of employees, so as to judge the deviance of employees. At the risk level, scientific evaluation methods include analytic hierarchy process, factor analysis method, Delphi method, etc., rather than a single leadership theory.

5.2. Strengthen Warning Education and Conduct Behavior Investigation

What kind of values are there, and what kind of methodology is there. The management must earnestly strengthen the bank staff's study of party discipline, industry regulations, corporate culture, enhance employees' awareness of compliance, firmly establish the "I want to comply with the rules", and form the values of self-respect, self-discipline, and self-interest. Compliance is conscious in order to be compliant in action.

The supervisory department should do the main aspects of grasping the main contradictions and contradictions. In addition to the daily performance supervision, it is necessary to strengthen the supervision of employees' behaviors of "eight hours away", and employees who have reported the people, often make mistakes in work, and have social confusion. Early, small, and deal with the problem in the bud.

5.3. Improve Disciplinary Punishment

The system is the lifeline of the enterprise. The system is used to restrain all employees, not to restrict some employees. The strength of the implementation of the system is directly proportional to the efficiency of the enterprise. For employees who violate the internal control system, the discipline inspection department must adhere to the word "strict" and impose restrictions on its promotion channel on the basis of its economic punishment, rather than merely staying. Criticizing education. In order to improve the punishment for disciplinary punishment and increase the cost of derailing employees, it can play a warning role for other

employees. If it is simply and casually handled, it will only condone other employees to follow the rules.

6. Conclusion

In summary, the deviant behavior of bank employees will bring immeasurable losses to the enterprise and damage the corporate image of the state-owned big bank. As the main bank of finance, the key to preventing market risks, credit risks and operational risks is to manage bank employees. Only every bank employee establishes correct values and outlook on life, and will be consistent with the pace of the company in action decision-making, in order to serve urban and rural areas and return shareholders, thus building the ABC into an all-round international financial enterprise.

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