CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS & CONCLUSION

The detailed review of literature and data analysis provided a scope for the detection of various operational bottlenecks that exists in the outsourcing industry. The highlights of suggestive measures are made in the following lines with an absolute aim of debottle necking.

To summarise, chapter I, introduced the subject matter and dealt with the problem definition & importance of the problem. Since all the processes in the car finance are outsourced, the study has become so evant to find out the various bottlenecks in each process of car finance. The present study clearly identifies the two basic dimensions of the problem such as cost and employees. The main reason for car finance industry using this outsourcing strategy is to reduce cost and increasing ef ding. But reduction in cost is mainly depended on the quality of servicing, proper credit & credit collection. All the above said qualities can be attained only through the executives working in the above said firms. Employees play a vital role for successfully operating this sourcing strategy.
ing 26 foreign thesis and more than 200 Indian & foreign jor
1 has been given as reference in bibliography out of whic
cher has included about 7 foreign thesis reference & 10 jc
ence in the study which was found to be very relevant for the 
the researcher has kept his own contributions in appendix 
his knowledge on the subject matter. All the executives wo
rcing, processing & collection firms are taken as samples and
are collected from them.

In chapter II, the study briefly explains about the outsou
tr country starting with its definition, evolution, models and explains
in finance industry. Then the study outlines the growth of pass
ustry in India and figures out the future demand in that ind
the car finance market is based on passenger car market, the
out the last two years Chennai car finance market which t
light to the study. Since the future car market would witness a
se in sales, the same is expected in car finance market, so
give us more information about the working of outsourcing
the outsourcing strategy.

Chapter III focuses on the operations of outsourcing firms. A questionnaire is framed for sourcing, processing & collection data are collected from the executives working in respective fields. The data collected the overall operations of the outsourcing industry were early outlined and some of the findings which are listed below are very useful for the outsourcing firms & car financing institutions. They showed that most of the executives working in this outsourcing industry had a BSc level of qualification and their salary level was 5000-10000. The average number of clients processed by each executive per day was 10-20. It was found that some executives are put under very high pressure in month ends, so that they assess the customers partially. The collection rate of outsourcing firms was found to be less than 90% and the non-recovery rate of car financing institutions were found as 1-2%.
sourcing firms. High end statistical tools like factor and crosstabs were used in analysis to test the opinions of executives as attributes of pricing. Some the findings of this study are a) a fixed rate of payout followed in sourcing & collection was fixed methodology has been adopted in processing it is cycle based. b) From factor analysis it is found that perception plays a major role in the pricing industry.

Chapter V analyses the performance & reward system of the sourcing industry where a psychoanalytical questionnaire is used to measure the satisfaction level of executives on the various attributes of performance & reward system. It is found that the executives are highly satisfied on some factors such as physical work condition, job security, pay, incentives offered and chances for promotion.

The Chapter VI investigates the various problems faced by sourcing executives where all the problems are ranked and treated using cluster analysis. In sourcing the main problem identified is the processing time and incentives not paid to them regularly. In proce
ext chapter summarises the main findings of the study and spel\ns suggestions to improve the performance of the outsourcing:

Major findings & suggestions of the study are given below.

**Major of Findings of the study:-**

From the demographics it is found that, Most of the respon\nare having UG level qualification with a salary level of Rs.5\n10000 and are having an experience of 1 – 3 years.

The Average volume of business done by DSA’s, is over 10\nand it is found that the bank executives interact with outsid\nexecutives daily.

The Processing firms deal with 1000 – 2000, customers per r\nand the number of reports made by processing executives pe\nis 10 - 20.
Generally, customers do not respond to all questions asked by Investigation executives and they use different to evaluate.

A study reveals that all the Field Investigation executives are under medium job pressure (57%) and due to which they assess customers partially. It is found that the outsourcing institution assesses the executives for poor credit assessment (65.2%).

Collection firms maintain a collection rate of less than 1% and they say that the average delinquency rate of the banks is between 1-2%.

It is found that most of the executives are satisfied with the various attributes of sourcing but it is found that there was also a satisfaction on various attributes such as time taken for assessments (11.3%) and time taken for approvals (7.5%).

Chi-square test undertaken is insignificant and it is inferred that the rating on various attributes of sourcing is independent of experience.
The chi-square test undertaken is insignificant and it is inferred that the rating on various attributes of sourcing is independent of the year of experience.

Factor analysis on the satisfaction level on the various attributes of sourcing four factors were identified such as the option factor, scheme factor, dealer factor and disbursement factor. The study infers that the bank has to take care of the option factor and scheme factor very carefully, since both will increase the loyalty level of executives of the company. The method of payout followed in sourcing & collection was ad, in processing it was cycle based method.

Of the dealers insist in margins (16.3%). They don’t allow use of executives to work freely and all their quotes to customers monitored by the dealer finance managers.

The factor analysis on the various attributes of pricing executives three major factors such as margin factor & competition factor are identified. It is found that option plays a major role in the life of DSA’s and de
petitive market and the traditional DSA’s will find diffic
ve. Besides the banks smelt down a huge amount as pa
ale their operations will not lost long. A time may come
ransition from DSA to In house DSA will become total
which will be an end to the outsourcing business in the
xing industry.

e executives of processing & collection are almost had
on on the pricing policies of the financing institution v
; that most of them may not know the pricing policies of
 financing institution.

the factor analysis of processing executives on va
utes of pricing, three major factors are identified suc
at factor, payout mismatch factor & payout delay factor
concludes that by developing a proper MIS system thr
et or internet the problem on payouts can be solved thr
n the bank can increase the DSA’s satisfaction level.
the factor analysis on the attributes of pricing by collective, three major factors such as margin factor, in & competition factor are identified and it concludes that which is the bread and butter for the DSA’s was not of prime importance, which the car financing institution h it seriously, since the profit of the bank is based on the selection made by these outsourcing agencies.

of the respondents of sourcing institutions are satisfied us attributes of performance and rewards system, but the respondents who are dissatisfied on some of the attrib targets fixed(18.8%), present pay(6%), job security(17.5%) and chances for promotion(9.4%).

factor analysis of sourcing executives on various attribu rmance and Reward system, three basic factors are ident are work environment factor, boss factor and pay factor and that the boss factor plays a major role in the perform sourcing executives and also the work environment i indicates the working nature of the outsourcing execut
ous attributes of performance and reward system, but the respondents who are dissatisfied on some of the attributes as Physical work conditions (30%), Fellow workers (ident pay (7%), job security (15%), incentives offered (16%)
cees for promotion (8%).

the factor analysis of processing executives on various attributes of Performance and Reward system, four basic factors identified, They are job ability factor, boss factor, situation factor and work method factor. Out of this the job ability factor is identified as the very important factor since the processing executives are paid based on the quality of reports. The rate quality reports the executives has to use all their abilities. This factor plays a major role in this processing industry.

of the respondents of collection are highly satisfied onous attributes of performance and rewards system, but the respondents who are dissatisfied on some of the attributes as Physical work conditions(4%), Targets fixed(4
ent pay (11.2%), job security (5.6%), incentives offered (4.2%), chances for promotion (6.4%).

A factor analysis of collection executives on various attributes like performance and Reward system, four basic factors are identified, they are job factor, differentiation factor, work area and work nature factor. The study infers that various factors rated represent the true nature of the respondents and from the analysis it is found that the boss factor plays an important role. All the executives depend on the boss for performance, incentives and for their promotion.

One of the car financing institutions has dealer DSA and intermediaries and the executives (80%) say that both of them do not support their business. It is found that quoting lower interest rate among the marketing executives & Dealer DSA (57.7%) was the problem faced by them.

A sourcing processing time was ranked (35.6%) as the problem.
utives, it is found that the respondents group themselves into clusters. In cluster 2, about 34 respondents are grouped together. Among them, 18 had UG level qualification and their salary level was 8000-15000/-, and the processing time was identified as a problem in the Sourcing industry and the changes in the credit policy and the incentives not paid regularly were major problems identified.

The main problems faced by the processing institutions are the number of proposals handled per day (99%) and high attrition rate (6%) is ranked 2.

In the cluster analysis on the problems faced by procurement executives, it is found that the respondents group themselves into clusters. In cluster 2, about 56 respondents are grouped together. Among all of them, 26 had 1-3 years of experience with UG level qualification and they said that no rewards for performing executives was the major problem in the procurement industry and the number of proposals, credit policy, and souvenirs was the other problems identified.
Sourcing Quality (60%) and false promises made by the executives (40%).

From this cluster analysis on the problems of the college industry it is found that the respondents are grouped into clusters. In cluster 3 about 39 respondents are grouped together and they said that poor sourcing quality as the major problem with the reference to their demographic factors it was found most of them had only UG level qualification with 1-3 years of experience.

It is found that the executives sell databases of both present and rejected customers (56.6%) to their competitors.

The overall satisfaction of the executives working in the finance outsourcing industry was 51-75%.
The salary level of the executives working in processing collection firms are very low, when compared to the income standards. Also the low salary may the root cause for a malpractices and dissatisfaction among executives. Therefore financing institutions can force the outsourcing firms to fix minimum salary as Rs.7500/- and provide them with incentive scheme, which will improve their satisfaction level. It will also reduce the intention of selling databases by executives. The car financing institutions should monitor outsourcing firms, whether they are paying their incentive regularly and on time.

It was found that number of reports processed by each investigation executives per day was 10-20, which is very low. Therefore the processing firms must increase the number of executives and try to reduce the number of reports processed per day to less than 10. This will increase the quality of report and it increases the satisfaction level of the executives.
n by the financing institutions, but when the custom-
ng to provide proper information or if the executives fin-
formation given might be false, then the executives ca-
rent methods to analyse the customer, which is also fi-
by the financing institutions. But when they follow
od, like verifying the customer form the next door or
place, it may sometimes lead to wrong assessment. S-
cing institutions should adopt different control meas-
k the above reports or the processing firm itself should de-
nate methods for checking the credit of the customer
improve the credit standards of the financing institution.

In the research it is found that the processing executives a:
a lot of pressure for submitting the report with in 24 h
may be possible only if the processing firm has more nu-
executives, but the processing firms have only a limited nu-
executives. Thus the executives are put into high pre-
use of which they don’t asses the customer in all aspects
affect the credit process f the financing institution. S
reports that a executive can undertake in a day, which is given

\[
\text{No. of cases available for the day} = \frac{\text{Number of reports undertaken by cumulative in a day}}{\text{Total number of executives available for the day}}
\]

This ratio must be a constant and it should not exceed above 5 increases the above said number then the processing firm sl increase the number of executives.

From the research survey it is found that the collection maintained by the collection firm was less that 90%, but the rate was between 1-2%, which is considerably good. B increase the collection rate, the financing institution can inc the number of collection firms or force the collection firms to employ executives which will improve the collection rate. Als car financing institutions can adopt measures like, improvin sourcing quality, tightening the credit process and improvin customer relationship.
credit assessment, but actually the actions should start from sourcing stage itself. In the month end the sourcing executive to push all the cases into the system, even though they now the profile of the customer is not so good. Also these kind of pass through the credit. So the financing institution should pr the executives with necessary training on stress management can announce rewards for executives who bring in a good pro the system. When a customer completes a loan without default, the sourcing executive and the processing executive be rewarded and if they consistently maintain the same recc may be offered a holiday trip to some foreign country of his cl This may increase the loyalty and quality of the outsourc executives.

SUGGESTIONS IN THE AREA OF PRICING:-

The mode of payout followed by all the financing institutions more or less the same but only the percentage varies.
sourcing firm to achieve their set targets. In order to achieve the sourcing DSA has to put 75% of the payouts prior in advance, which makes the DSA’s struggle for survival. Since a win-win strategy will always be a long standing strategy the financing institutions can adopt the strategy wh

ulated by the researcher:

"Payout can be divided into two parts, the first constant one, which they cannot Subvent, and the second variable one which they can Subvent."

Introducing the above said strategy a DSA can at least recoup a constant amount which will be helpful for them to undertake expenses.

In house executives who are a part of the financing institutions work for the dealers & has no binding on profits of which they subvent the entire amount leaving 0.5-1% car financing institutions can appoint a manager, who can handle the dealerships and check the quotes given by
cing quality. By doing this the car financing institutions o
ove the margins for their DDSA and also can improve sa
faction level of the dealerships.
rcessing the payouts are paid regularly and also on tir
efore the car financing institutions should maintain the sa
can advise the outsourcing firms to provide the salaries
executives on fixed dates, which would improve sa
faction level of executives.

**GESTIONS IN THE AREA OF WORK EFFICIENCY**

WARD SYSTEM:-

of the sourcing executives are satisfied with the physi
ing condition, fellow workers, and opportunity to use th
ies, job security and chances for promotion. The 
oanalytical questionnaire used by the researcher has brou
g excellent findings such as highly dissatisfaction with pres
cent incentives offered and chances for promotion. The above sa
isfaction can be reduced by increasing the salary level a
be appointed to control the executives and monitor which will keep these executives in control and their grievances be solved then and there.

Processing, most of the executives are dissatisfied with physical conditions, targets fixed and incentives offered. Satisfaction can be reduced by increasing the number of executives which will reduce the executive’s target, as a result they will get some free time to relax. The salary offered is very low, so as said in the findings a minimum salary of 500/- must be fixed to the outsourcing executives and incentives must be paid with their salary.

collection, again most of the executives are highly dissatisfied with physical work conditions, present salary and incentives. Thus the Financing Institutions can reduce dissatisfaction by increasing the number of collection agencies easing the number of executives which will improve the collection rate of the financing institution and also the satisfaction of the executives.
On the introduction of In house DSA, the financing institution narrowing their sourcing operations to in sourcing. Even if the Inhouse DSA’s are treated as outsourcing firms, they are always a part of the financing institution. So at any time Inhouse DSA might be absorbed by the financing institution. But still there are some DSA’s present in the system, therefore interest must be also taken care by the car financing institution.

For sourcing executives, processing time was the major problem followed by incentives not paid regularly and lastly with respect to change in interest rates. So the financing institution can split the entire operations of credit in to two with 2 credit officers an also increase the number of processing agencies in to two doing this the financing institution can increase the quality of operation and can reduce the processing time. Since at the day end profit the financing institution were based on the quality of property.
ormance of the financing institution.

processing executives, the major problem was the large number of proposals handled by them and high attrition. Due to the number of cases handled per day gets increased, processing firms and the financing institution should take steps to reduce the attrition. The first step the processing firms can take is to increase their salary levels, and pay incentive regularly. The second step they can take is to increase the number of executives, which can reduce the number of proposals handled per executive. Furthermore, the executives must be regularly trained with changes in the credit policy.

collection executives say that the false promises made by the executive's poor sourcing quality are the major problem encountered by the collection executives. When an executive refuses to pay the EMI, since the executive has made false promises such as accessories, discount on car etc., since the customer don't get the said offers he refuses to pay the EMI, also when
mer is not eligible for holding a car, but these customers ar for different purposes and when the purpose is fulfill es to repay that's why the collections executives say tha cing institution should maintain a good customer relatio lso tighten the credit process which will solve the above em.

The study it was found that the processing executives see mer databases to other financial institutions and also in that they sell the present and rejected customers. This c ed and also the processing executives are econom ized. Therefore as said above, the car financing instit increase their salary level and the car financing institu analyse the number of cases approved and lost to compe a will throw more light on the executive’s satisfaction lev study states that the satisfaction level of outsou rtives was only 51-75%, which is considerably low. S cing institutions has to take necessary steps to improve all satisfaction. Since the financing institutions outsource
CONCLUSION

From the study undertaken, the researcher has gone into the analysis on the working of car finance market and has suggested measures for the improvement of the same. Since the market is highly growing and there is huge scope for financial institutions, the outsourcing strategy followed by them has been fully analysed and if the suggested measures are implemented continuously, it will surely improve the performance of the outsourcing firms. Also, since the market is growing fast, the government institutions can undertake customer relationship management as a tool for improving their profitability and also for survival in this competitive market.
cope of this study is limited to Chennai city only, so the can be undertaken in other cities in India and the inference compared. Also we find that the passenger car market is growing % per year, so the scope of car finance will also increase to percentage. Since the entire car finance process is outsourced, further development of research must be undertaken very frequently to check the performance of the outsourcing institution. So this study can lead to further research. Also the main source for the car finance is through dealerships. So a separate study can be undertaken with incentives working with the dealership, which will create a lot of interest to this outsourcing market.