



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
LOGISTICS AND SUPPLY CHAIN MANAGEMENT
POST GRADUATE PROGRAM**

**THE INFLUENCE OF LOGISTICS MANAGEMENT ON
CAPITAL GOODS LEASE FINANCING
PERFORMANCE OF DBE**

**A Thesis Submitted to the School of Graduate Studies of
Addis Ababa University in Partial Fulfilment for the Award
of the Degree of Master of Arts in Logistics and Supply
Chain Management**

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THE INFLUENCE OF LOGISTICS MANAGEMENT ON CAPITAL
GOODS LEASE FINANCING PERFORMANCE OF DBE

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DECLARATION

I hereby declare that this submission is my own work towards the award of Masters of logistics and supply chain management and that, to the best of my knowledge it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement is made in the text.

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DECLARATION SHEET

This is to certify that the thesis prepared by **Habtamu Chanyalew**, entitled : The influence of logistics management on capital goods lease financing performance of DBE” and submitted in partial fulfillment of the requirements for the Degree of Masters of logistics and supply chain management compiles with the regulations of the University College and meets the accepted standards with respect to originality and quality.

Signed by the Examining Committee:

External Examiner _____ Signature _____ Date_____

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Advisor _____ Signature _____ Date_____

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LIST OF ACRONYMS

CSCMP: Council of supply chain management professional

CSF: Critical success factors

DBE: Development Bank of Ethiopia

IAS: International accounting standards

LPS: Load planning system

NBE: National bank of Ethiopia

NPL: Non-performing Loan

SCF: Supply chain finance

Abstract

This study examined the influence of logistics management on capital goods lease financing performance in the case of Development bank of Ethiopia. In order to obtain information from employees of the banks both Primary and secondary source of data tools were used. This study has taken the whole population from all Capital Goods Procurement and Supply Directorate and Lease Financing Follow up Directorate of Development Bank of Ethiopia. Accordingly, the study has 104 respondents and same number of questionnaires was distributed to employees as the population size is 104. But, only 94 were collected. Descriptive statistics were used to analyze demographic data and correlation, regression and tested for validity and reliability was used to analyze the five scaled questions. The data gathered through the questionnaire was analyzed by Statistical Package for Social Science (SPSS). The statistic test was carried out to determine the significance of the independent variables on dependent variable. Simple linear regression analysis was also carried out to determine the effect of the independent variables on dependent variable. The simple linear regression analysis also showed a positive coefficient of 0.171, 0.295, 0.24 and 0.334 respectively for transport management, inventory management, order Processing management and information flow management respectively, which simply mean that there is strong positive relationship between logistic management systems with lease financing performance. In general, transport management, inventory management; order processing management and information flow management has positively impacted on lease financing performance of Development bank of Ethiopia. Finally, recommendations were forwarded based on the major findings so as the bank should work on the extent of using or utilizing logistics management indicators.

Key words: Capital Goods Lease Financing, Information Flow Management, Inventory Management, Order Processing Management and Transport Management

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Logistics is one of the dynamic activities that enable the connection between production and consumption (Bartolacci, et al. 2012). According to the Council of Supply Chain Management Professionals, logistics consists of a set of processes encompassing planning, implementing and controlling the flow of goods, services and related information (Vitasek, 2013). Logistics is a complex business and that can be measured from different perspectives.

Logistics plays a key role in the competitiveness of organizations whilst creating value by providing time and place utility (Christopher, 2005; Lambert et al., 2006). Waters (2003) refers that “without logistics, no materials move, no operations can be done, no products are delivered, and no customers are served”. To position the right products close to the right consumer, several activities have to be performed, including transport, customer service, information technology and communications, finance, warehousing and outsourcing (Frazelle, 2002). In order to perform these activities, the participation of several actors is required: freight forwarders, carriers, third-party logistics providers (3PL), warehouses, shipping companies, manufacturers and retailers, to name a few.

One of the objectives of logistics is to guarantee the efficiency and the efficacy of all the procedures from the point of origin to the point of destination whilst meeting the customers’ required quality, including information reliability and sensibility to customers’ needs. Logistics is not only relevant for the production sector but it is also crucial for enterprises from all segments, e.g. banks, retailers, government and institutions.

Logistics has an increasingly important role in the economy of the global marketplace representing approximately 8.5 percent of the gross domestic product (GDP) in the USA and accounting, on average, for 10 percent of the GDP of European countries, (Arvis et al. (The World Bank), 2012; Council of Supply Chain Management Professionals, 2012).

Logistics is estimated as one the major expenditures for businesses, though varying widely across sectors (Waters, 2003). Consequently, in today's competitive and complex business environment there is a pressing need to control logistics costs and performance measurement has proven to be a successful tool in achieving business objectives using different perspectives.

Ethiopian logistics system is characterized by poor logistics management and lack of coordination of goods transport, low level of development of logistics infrastructure and inadequate fleets of freight vehicles in number and age, damage and quality deterioration of goods while handling, transporting and in storage (Fekadu 2013)

Whereas, worldwide firms strive to achieve their objectives of maximizing shareholders wealth by making successful investment decisions, which generate positive net cash flows. The leasing decisions concerns whether the firm should lease equipment, or borrows money and buy the equipment. Therefore, it is a financing decision. Corporate managers should examine the cost of both: Leasing and borrowing in order to select the cheaper method of financing which increase the market value of the firm (Mohammad and Shamsi, 2008).

Leasing is a rental agreement that extends for a year or beyond, and involves a series of fixed payments. In other words, leasing is defined as a contract between two parties wherein one party (the lessor) provides an asset for use to another party (the lessee) for a specified period of time in return for specified rental payments (IFC 2009)

In Ethiopia, owing to the need to accelerate the growth and development of small and medium enterprises by facilitating access to finance and availing working equipments and machineries to enterprises, the government enacted the first leasing law in 1998, Capital Goods Leasing Business Proclamation No. 103/98. This proclamation was issued to address the equipments and machinery needs of enterprises through lease financing services. Moreover, the service was originally thought to be delivered by lease companies that will be licensed and supervised by the former Ministry of Trade and Industry. Unfortunately, since then no entity was established, at least legally, approved to engage in lease financing business, despite various interests from local and international investors to engage in this business including IFC's proposed "Access Leasing Project" initiatives to establish the first leasing company in the country in 2010 (World Bank, 2012). This situation calls for the need to amend the existing Capital Goods Leasing business proclamation No. 103/98 and authorize appropriate government body that facilitates the licensing and supervision of the lease companies.

To this effect, the government has taken measures to address the gap through issuance of revised leasing legislation in 2013, capital goods leasing business (amendment to proclamation number of 103/1998) proclamation No. 807/2013. The National Bank of Ethiopia (regulatory body of financial institutions) is given the mandate of licensing, regulating and supervising the business of capital goods finance companies which includes financial lease and hire-purchase. Thus, Development Bank of Ethiopia is the only bank which has been given the mandate of managing capital goods lease financing since 2013.

Upon receiving customer requests the bank goes through all evaluation criteria and finances the customer. This process is, thus, influenced by the overall logistics management process including transport management, inventory management, order processing management and information flow management.

1.2. Organizational Background

The history of Development Bank of Ethiopia goes back to 1909 when the first attempts of its kind known as The Societe Nationale d' Ethiopie Pour le Developement de l' agriculture et de Commerce (The Society for the promotion of Agriculture and Trade) was established in the Menelik II era. Since then the Bank has taken different names at different times although its mission and business purpose has not undergone significant changes except for occasional adjustment that were necessitated by change in economic development policies of the country.

The Bank, according to DBE official website and procedural manual for lease financing, is one of the financial institutions engaged in providing short, medium and long-term development credits. DBE's distinguishing feature is its "project" based lending tradition. Projects financed by the Bank are carefully selected and prepared through appraisal, close supervision and systematic evaluation.

As a policy bank, the mission of DBE dictates promotion of national development through intervention of priority areas on project financing and lease financing. Lease financing is one of the priority areas the bank financing for capital goods purchase for agricultural projects, agro processing industries, manufacturing industries, tour industries and construction industries for customers who have the desire to take part in various investment activities but unable to act due

to lack of capital and collateral through creating and enabling environment for the establishment of alternative sources of financing.

1.3. Statement of the problem

Lease financing is one of the core services that the Development Bank of Ethiopia renders to its customers. The Bank offers a wide range of credit product in terms of facility and asset lease financing.

In Ethiopia context National Bank of Ethiopia(NBE), directives or procedure state that (The mandate only goes to DBE) Proclamation no. 807/2013 on Capital Goods Leasing Business (actually an amendment to proclamation no. 103/1998), Directive no. CGEB 102/2013 for the Licensing of Capital Goods Finance Service by the National Bank of Ethiopia (NBE) but, the unpublished data from DBE stated show that the average performance of the Bank actual lease financing has not been achieved the target year to year.

Besides, there are many customer complaints given to the bank regarding longer processing time that would be taken until the lease is financed. The machineries and equipment delivered to the Lessees', according to customers feedback, are also substandard since the bank is making purchase evaluation by itself. In addition, according to information given on management quarter meeting in 2018, over 20% of the total lease financed amount is concentrated in NPL. These deviations give attention to assess about the influence of logistics management on capital goods lease financing performance of DBE. (See Annex II)

The empirical review had evident that research in the area of lease financing had been done but not in a comprehensive approach in Ethiopia. Literature review available indicated that studies had focused more on developed world like European Union, United states and advanced Asian and not taking in to account developing counties such as Africa and parts of South America (Kaufmann & Carter 2006).

Development bank of Ethiopia is the only bank in Ethiopia which has been given the mandate of managing capital good lease financing since 2013 though, it has faced many challenges of achieving lease financing performance target. The major reasons driving to study was lack of

empirical evidence on Logistics management concept and lease financing performance targeting Development bank of Ethiopia (policy bank) in Ethiopia, low performance of capital good lease financing in terms efficiency and effectiveness and finally the current literature largely focusing outside Ethiopia.

This research is needed because it analyzed the gap of logistics management performance on capital goods lease financing of Development Bank of Ethiopia. The effort is to achieve generalization of the casual relationship between logistics management and lease financing performance in case of Development Bank of Ethiopia. This study therefore intended to empirically examine how transport management, Inventory management, ordered processing management and information flow management influenced performance of logistic management in development bank of Ethiopia setting, therefore other banks could take lesson from it.

1.4. Research Hypothesis

Logistics service providers succeed in fulfilling customers' requirements and perceptions. Among customers' requirements are delivery of goods on-time, reasonable costs, the safety of their goods and so forth. However, nowadays this performance is being disturbed by transportation problems. Transportation problem makes the delivery of products or goods delayed. Thus, the delay has negative influences on the overall business performance. (Nur Fadiah M.Z et al, 2016) Therefore, the research hypothesizes that transport management system significantly influence lease financing performance.

H1: Transport management system significantly influence lease financing performance

Choi (2012) indicates that effective inventory management is essential in the operation of any business. Unless inventories are controlled, they are unreliable, inefficient, and costly. Inventory is an idle stock of physical goods that contain economic value, and are held in various forms by an organization in its custody awaiting packing, processing, transformation, use or sale in a future point of time. Inventory management is very vital to an enterprise since it is custom-made to reducing costs or proliferating profits which is directly related with lease financing performance. Therefore, the research hypothesizes that inventory management system significantly influence lease financing performance

H2: Inventory management system significantly influence lease financing performance

It was through order processing that handling and monitoring of an order - from the time it was placed by the customer to the delivery of the shipment documents and invoice to the customer was addressed (Wardaya, et al, 2013). While many aspects of information were critical to logistics operations, the processing of orders was of primary importance. Therefore, the research hypothesizes that order process management significantly influence lease financing performance.

H3: Order process management system significantly influence lease financing performance

The role of information management is to manage the data, organizing, retrieving of the information which help the organization to provide services faster, which affect also the level of performance (AL-Gharaibeh & Malkawi, 2013). Many aspects of information were critical to logistics operations. It is argued that intra-organizational flow of information influences organizational performance. Therefore, the research hypothesizes that information flow management system significantly influence lease financing performance

H4: Information flow management system significantly influence lease financing performance

1.5. Objective of the study

1.5.1 General objective

The general objective of this study was to assess the influence of the logistics management on Capital Goods Lease Financing performance of Development Bank of Ethiopia.

1.5.2 Specific objectives

The research had the following specific objectives:-

1. To assess the influence of transport management on Development bank of Ethiopia Capital Goods Lease Financing.
2. To assess the influence of inventory management on Development bank of Ethiopia Capital Goods Lease Financing.
3. To assess the influence of order Process management on Development bank of Ethiopia Capital Goods Lease Financing.
4. To assess the influence of information flow management on Development bank of Ethiopia Capital Goods Lease Financing.

1.6. Significance of the study

This research showed on how to fill the gap between the theory of logistic management performance and it measures the actual logistic performance of lease financing of Development Bank of Ethiopia that in return gives an insight on how the Bank performance affects the country's economy. Therefore, this study gives potential recommendation that strongly be used by policy makers and Bank officials to facilitate the logistic service that they are offering currently.

The study could benefit the academic community and the bank as it may contribute to the increasing body of literature on logistics in relation with lease financing. It may possibly provide a framework of logistics management dimensions which may be used as a test base for further research. Due to the limited study on logistics in researcher's knowledge that has been carried out in developing world, the researchers in the field may be interested in reviewing the findings of this project and more so those based in Development Bank of Ethiopia. The research also may present avenues for continuing theoretical and empirical research investigations in the field of logistics, in particular measuring logistics management performance the case of lease financing. In general, this research would contribute towards a theoretical and practical improvement of logistics performance and lease financing implementation based on Development Bank of Ethiopia case study.

1.7. Scope of the study

This research paper focused only on Development Bank of Ethiopia which is the only Governments Bank which undertakes Capital Goods Lease Financing.

Questionnaire is used as data collection instrument for the study in order to ease the labouring task of collecting data. The study results might not be similar if mixed methods are used or different approaches are followed.

The research is conducted within 2018/19 fiscal year; hence the required data is collected in the same period. The findings of the study might differ with the previous or subsequent studies as

the socio-economic condition in different time periods might consequence a significant change in the perception and attitude of respondents.

Transport management, inventory management, order processing management and information flow management are independent variables that are used as logistics management indicators. Whereas, competitiveness, profit, planning and tax benefit are dependent variables that are used as lease financing performance indicators for these study..

1.8. Limitation of the study

As it is with all self-report surveys, this one has also been a limitation. Only a single respondent has done the evaluations. While that respondent were all employees in Capital Goods Procurement and Supply Directorate and Lease Financing Follow up Directorate. They represent only a single perception of an employee within the DBE and is not necessarily indicative of other bank member's perceptions. Even if the researcher talks the whole population as a target it may not representative of what happened in another bank throughout Ethiopia.

This research does not answer every question regarding the relationship among the constructs under study as the constructs can be affected by other variables which are not addressed in this research. However, the researcher was clearly defined what he wanted to measure and inbuilt flexibility when designing research questions to come up with more precise meaning in order to gather relevant data. Respondents might have filled ambiguous questions arbitrarily without explanation though explanation is necessary. The researcher would have a chance to explain ambiguous questions to respondents if mixed methods are used in collecting data.

If the research is conducted within longer time span and used addition of dependent and independent indicators, the findings would be more consistent and valid.

1.9. Definition of terms and concepts

Firm Performance: An assessment of how performance is on three specific areas of firm outcomes: financial performance, market performance, and customer value added (Richard, Devinney, Yip, & Johnson, 2009).

Logistics: Logistics encompasses all the information and material flows throughout an organization, it is the process of strategically managing the parts and finished inventory (and related information flow) through the organization at cost effective fulfillment of orders (Christopher, 2010).

Logistics Management: According to CSCMP (2007), logistics management is that part which implements, and controls the efficient, effective forward and reverses flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers' requirements (CSCMP, 2007).

Logistics performance: Fugate et al., (2010) defined logistics performance as effectiveness, efficiency and differentiation in performing logistics activities and adding value customer receives from logistics activities.

Performance Measurement: (Tuttle & Heap, 2008) defined the performance measurement as the process of quantifying action, where measurement is the process of quantification and action leads to performance.

1.10. Organization of the study

The study consists of five chapters. Chapter one is the introduction chapter which presents background of the study, statement of the problem, objective of the study, research hypothesis, significance of the study and Scope/Delimitation and limitation of the study. The second chapter deals with review of related literatures regarding the topic of the study. The third chapter discusses the research methodology and methods used by the current study. Chapter four presents the data analysis results and their interpretation. Finally, based on the analysis and interpretation of the findings, chapter five presents the summary, conclusion and recommendation.

CHAPTER TWO

RELATED LITERATURE REVIEW

2.1. Introduction

This chapter presents a review of the relevant and related literature on the study area for better understanding of the knowledge gap that the study pursues to fill. Specifically, it discusses about logistic management, leasing theories and empirical evidence of the effects that logistic management performance of lease financing in Development Bank of Ethiopia.

2.2. The concepts and theories of logistics management

2.2.1. Logistics management

In today's highly competitive environment, many companies are striving to gain a share of the global market and to take advantage of higher production and sourcing efficiency. A key determinant of business performance nowadays is the role of logistics management functions in ensuring the smooth flow of materials, products and information throughout the company's supply chain (Kilasi, et al., 2013). Due to the trend of nationalization and globalization in recent decades, the importance of logistics management has been growing in various areas. For firms, logistics management helps to optimize the existing production and distribution processes based on the same resources through management techniques for promoting the efficiency and competitiveness of enterprises (Tseng, et al., 2005).

Logistics management plays an important role of adding competitive advantage to a firm in customer support and business excellence (Buyukozkan, et al., 2008). Effective logistics management provides the right product in the right place at the right time that is why it has received much attention over the past decade from practitioners and government (Tilokavichai & Sophatsathit, 2011). Realizing the importance of sustainability in logistics management it is critical for competitive advantage (Buyukozkan, et al., 2008) because operational performance

has a positive impact on company's financial performance (Horvath et al., 2005; Liu & Lyons, 2011). In business, sustainability is defined as a capability to possess and hold continuous competitiveness (Kang et al., 2012; Hassini, et al., 2012). However, for logistics management to be considered contributing to a firm 's performance, logistics performance needed to be measured (Keebler & Plank, 2009). In their study Fugate, et al., (2010) confirmed that, due to increasing awareness of logistics management implications in firm performance and growing awareness of the benefits of leveraging logistics to increase customer value, measuring of performance of logistics had become a high priority. According to Keebler and Plank (2009), there were at least three basic reasons why a firm would want to measure logistics performance: firms could reduce operating costs, use these measures to drive revenue growth, and hence enhance shareholder value. He continued to say, by measuring operating costs, a researcher could identify whether, when and where to make operational changes to control expenses and very importantly, point out areas for improved asset management.

Even valuable customers could be attracted and retained by improving the price value relationship of products offered through cost reductions and service improvements. Finally, returns to stockholder investments and the market value of the firm could have been significantly impacted by logistics performance improvements working through the processes that led to share price and dividend policy (Keebler & Plank, 2009).

2.2.2. Logistics Performance and measures

According to Chan (2003) performance measurement describes the feedback or information on activities with respect to meeting customer expectations and strategic objectives. The purpose of a performance measurement system is to ensure that standards and objectives are set clearly, performance is regularly and objectively assessed for accomplishments, and that actions are taken to improve and enhance performance potential in the future (Ababneh, 2008).

The basis of competition for winning companies in today's economy is supply chain superiority (O'Marah, 2000). With organizations seeking benefits of shorter lead times, responsiveness, flexibility and shorter product development cycles, excellence in supply chain performance is inevitable. Alazab A., Alhyari, Alazab M. and Venkatraman, (2010) found that a good

performance measurement system should be able to provide to all stockholders where they are, how the organization is doing and where the organization is going. Measuring supply chain performance can therefore facilitate a better understanding of the supply chain, positively influencing supply chain partners and improving its overall performance (Chen & Paulraj, 2004).

Supply chain performance measurement systems are essential for better decision making by management and good communication across the entire supply chain including supply chain partners and employees. Performance measures enable a more open and transparent communication between people leading to a co-operative work environment hence improved organizational performance (Gunasekaran & Kobu, 2007). Performance measurement systems are also necessary tools required to support decision making (Berrah & Cliville, 2007). Moreso, supply chain measurement systems ensure timely feedback of information enabling the organization to correct or improve processes in the supply chain. Performance measurement provides information for management feedback for decision makers thereby assisting in directing management attention revising company goals and re-engineering business processes (Thakar, Marwah & Gupta, 2012).

The literature on performance measurements in logistics can be divided into two categories (Griffis et al. 2007). The first category is focusing on specific measurements and their qualities; the second on research concerning complete measurement frameworks.

2.2.3. Relations between Measures

During the literature search, a great deal of individual indicators for measuring the logistics performance was discovered. The measurements are often interrelated and influence each other to a varying degree ((Krauth et al. 2005; Donselaar et al. 1998; Fugate et al. 2010). Particularly interesting are the relations between the operational performance indicators (also referred to as “critical success factors”) and the overall success of the LSP. Another controversial relation turned out to be that between effectiveness and efficiency indicators. Both of those groups of relations are discussed here.

The overall performance of a logistics company can be highly influenced by specific financial and operation data, i.e. specific cost drivers. The cost drivers that have such a high impact on the bottom line are referred to as Critical Success Factors (CSF).

As Donselaar et al. (1998) determined that the CSF of the firms specialized in transportation differ from those that are specialized in distribution. A company specializes in distribution if it satisfies at least one of the following two criteria: (1) the loading plus the unloading time is longer than the driving time, and/or (2) the distance between the first and the last stop of a trip is larger than 50% of the total distance per trip. A company that does not comply with any of the above requirements classifies as “transportation”. The performance of both “distribution” and “transportation” companies is operationalized by Donselaar et al. (1998) with the BRAVO-3 score. This score measures the “operational performance at segment level in which a company is doing business” (Donselaar et al. 1998). It is defining as the turnover (revenue) per segment in proportion to the relevant costs in the segment. The costs include the variable cost (e.g., fuel, maintenance, and tiers), the salaries of the drivers, and the direct cost (e.g., depreciation, lease, and insurance). The overhead cost for the supporting functions is not included (e.g., office personnel, marketing, and IT). Donselaar et al. (1998) tested multiple measurements for correlation to the BRAVO-3 score and identified few CSF for each of the transportation and distribution specification.

Today’s competitive global business environment requires effective use of firm resources which may be achieved through use of information technology resources for logistics activities (Savitskie, 2007). According to Stevenson and Spring (2007), the flow of accurate and real time information in logistics is considered very important to the flow of materials. IT helps in sharing information on transfer or exchange of information indicating the level and position of inventory, sales data, and information on the forecasting information, information about the status of orders, production schedules and delivery capacity, and firm performance measures (Wardaya, et al, 2013). Prior research has proved that better information usage can improve the performance of many logistics tasks including distribution of network design, demand forecasting, transport management, inventory management and the processing of orders which is of primary importance to firm performance (Savitske, 2004; Bowersox et al., 2012). Effective and efficient information sharing improves the visibility of logistics activities (Wardaya, et al., 2013).

However, the importance of accurate information to achieving superior logistical performance has historically been underappreciated.

2.2.4. The concepts and theories of leasing and lease financing

Gallardo (1857) said “an agreement between two parties whereby one party allows the other to use his/her property for a certain period of time in exchange for a periodic fee. The property covered in a lease is usually real estate or equipment such as an automobile or machinery. There are two main kinds of leases. A capital lease is long-term and ownership of the asset transfers to the lessee at the end of the lease.

An operating lease, on the other hand, is short term and the lessor retains all rights of ownership at all times. An agreement that permits one party (the lessee) to use property owned by another party (the lessor). The lease, which may be written either for a short term or for a long term, often results in tax benefits to both parties”. Richard and Stephen, (2010) said “a lease is a legal agreement that provides for the use of something -- typically real estate or equipment -- in exchange for payment. Once a lease is signed, its terms, such as the rent, cannot be changed unless both parties agree. A lease is usually legally binding, which means you are held to its terms until it expires. If you break a lease, you could be held liable in court. It is an oral or written agreement transferring the right to exclusively use and possession of property for some period of time.

Some important lease concepts are

- The normal requirement that all contracts having to do with real estate must be in writing does not apply to contracts that are capable of performance in one year or less. In most states, an oral lease for less than one year is enforceable; an oral lease for a longer period is not.
- A tenant is not relieved of responsibility to pay rent if the premises are damaged, destroyed, or partially or totally unusable unless the lease allows it, or unless consumer protection laws applicable to residential leases allow it.
- If a tenant transfers the entire remaining term of a lease to someone else, that is an assignment. If a tenant transfers less than the remaining term, that is a sublease. Either

way, the original tenant is still fully responsible for complying with all lease terms, even if the new one does not. In most states, a landlord may require its approval before assignment or subletting, but may not unreasonably withhold its approval.

- A tenant's interest under a lease may be insured, in addition to coverage for the contents. The interest may also be mortgaged, although that would be extremely unusual except in the case of valuable improvements built on leased land under a long-term lease". Leasing is anchored on the business philosophy that profits are earned through the use-rather than the ownership-of equipment and assets.

A basic principle in medium – to long term lending is that cash generated by the investment that has been partly financed should be the primary source of repayment. The collateral that is provided as security for the loan serves as a secondary source of repayment, in the event that the borrower is unable to repay the loan from cash generated by business operations.

In contrast, leasing is more intensely focused on the lessee's ability to generate cash flow from business operations to service lease payments, because the lessor – financier retains ownership of the asset during the term of the lease. This would make leasing well-suited to small and medium scale business activities which seldom have historical credit information or formal financial statements. The prime impact of leasing is to increase a business entity's total availability of capital from an external source leaving its source of capital available for other productive uses. The additional revenue generated by the use of the leased asset should be sufficient to meet the monthly lease rental payments to the lessor.

Conventional asset-based financing from a bank generally requires a borrower to provide up to 40% of the cost of the asset to be acquired, since a loan may cover only 60% of the asset value.

In some cases, the bank providing the loan may require the borrower to put up as security another asset in addition to the one being acquired (e.g., real estate in the urban centre). Or, additional security enhancements (e.g., assignment of bank deposits, marketable securities, trade receivables or third-party guarantees) may be required by the bank providing the loan. The collateral provided as direct or additional security very frequently will have a discounted value for loan purposes, in accordance with prevailing banking regulations.

The required equity components, alternative security and collateral enhancements increase the effective cost of a financing package and thereby narrows and restricts access of borrowers to financing. Moreover, 3-5-year term financing for equipment acquisition is frequently not available in developing countries, as conventional bank loans are usually structured on a well-secured short-term (i.e., one-year or less) basis.

In contrast, a lease arrangement typically requires the owner/borrower to provide and found 10% of the asset cost as up-front security deposit. The asset itself serves as collateral for the transaction since ownership of the asset is retained by the lessor during the term of the lease. Thus, leasing involves simpler and better security arrangements and could potentially reduce collection problems. Additionally, in markets where the leasing industry has developed and specialised in a well-defined range of types of equipment, a lively market for leased equipment has usually developed as well. Certainly, this is not always the case, and a lively market would not be thriving especially if maintenance is deficient on leased equipment (Bernd and Haye, 1996).

2.2.5. Lease Financing performance and measures

Osaze (1993) and International Accounting Standard (IAS) 17 defines a lease as an agreement whereby a lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.” Generally, all lease arrangements will fall into one of the following three types of lease financing: a sale and lease back arrangement, direct leasing and leveraged leasing. Leases can also be classified as either operating or finance/capital leases. While these types of leases differ in their legal, tax and accounting treatments, they are all viewed, in the theory of finance, as part of the financing decisions of the firm.

Some of the common advantages of leasing as that accrues to a firm are: less costly, financing at fixed rates, protection against obsolescence, flexibility and off balance sheet financing. (Gudikunst & Roberts, 1978; Krishnan & Moyer, 1994; Lasfer, 2007 and Miller & Upton, 1976)

In operating lease, the lessee debits the rents due and payable in the statement of income and no asset is shown in the balance sheet (Marton et al., 2008). The lessee also declares the asset as an

off-balance sheet item. While in the case of a capital lease the leased item is capitalized then depreciated over its useful life. A corresponding liability for future lease payments is recorded at the net present value of the future payment (IAS 17).

Leasing improves financial performance by influencing the cost of capital (reducing the leverage level) improves the working capital of the firm (since the untied cash can be invested in cash generating project and efficiency in utilization of the assets as it was discussed in the literature review (Tarus,1997).

According to Stulz and Johnson (1985) the non-cancellable long -term leases help mitigate the underinvestment problem due to debt overhang identified by Myers (1977).

The underinvestment problem is mitigated because of the legal standing of leases to all outstanding fixed claims. By segregating the claim on new project's cash flows, leasing, unlike debt, limits the wealth transfer from stockholders to existing bondholders. This helps firms undertake some positive NPV projects which are otherwise foregone with risky/unsecured debt financing. Sharpe and Nguyen (1995); Ezzell and Vora (2001) find that leasing reduces external financing costs due to asymmetric information.

Brick et al. (1987) argue that the principal reason for the existence of leasing is the differential tax benefits accruing to companies, financial institutions and individuals from owning assets. Whereas a marginally profitable company may not be able to reap the full benefit of accelerated depreciation, a high-income taxable corporation or individual may be able to realize such. In such a case, the former may be able to obtain a greater portion of the overall tax benefits by leasing the asset from the latter party as opposed to buying it.

Due to competition among lesser, part of the tax benefits may be passed on to the lessee in form of lower lease payments. However, the attraction to lease an asset as opposed to buying it is not due to the existence of taxes per se, but due to the divergence in abilities of the various parties to realize the tax benefits associated with owning an asset (Miller & Upton, 1976).

2.3. Empirical Review of Related Literature

According to Ahmed et al. (2003), has studied four challenges of leasing companies in Pakistan: the adverse effect of economic slowdown and volatility of interest rate on the activities of financial institutions including leasing companies. The four specific challenges explained in the paper include: resource constraints (funding problem), non-availability of level playing field, lack of innovative products and tax related challenges. The argument has been made in order to improve the near future demand prospects of the leasing sector in particular, the leasing companies need to develop innovative products along with encouraging leasing of plant and equipment relating to priority sectors of the economy including energy, IT (computers and other hardware), textiles, etc subject to their intrinsic value.

Alyosius and Lubinda (2013) similarly studied about the development and challenges of Leasing Industry in Zambia. Determining the trends of the leasing industry, Assessing the contribution of legal and regulatory framework to the development of leasing sector and highlights the major challenges faced by the leasing market in Zambia. The study employed a qualitative research approach and used primary data from nine non-bank leasing companies, Bank of Zambia officials and Ministry of Finance officials. Secondary data was gathered from various financial sector and leasing publications, reports and dissertations. The result of the study revealed that the prudential performance of the sector has been unsatisfactory. The study revealed that the industry performed average in capital adequacy, but performed poorly in asset quality, earnings and liquidity performance. It has also found out that the regulatory system in Zambia was still fragmented and operating in an environment with insufficient legislation. Furthermore, the study revealed that the regulatory body had not yet put enough effort in promoting leasing markets in Zambia. The study noted that there is no leasing industry specific legislation in the country. The main regulator, Bank of Zambia, lacked technical and supervisory capacity to adequately supervise the industry. According to the study, the major challenges experienced by the lease providers in Zambia included the lack of leasing policy and leasing laws, lack of skilled staff, absence of resident leasing trainers and poor supply chain systems that exist in the country. On the other hand, the study didn't include key leasing stakeholders such as tax authority, investment agencies and equipment suppliers to strengthen and validate the findings.

Brahmaiah (1992) carried out a research on the problems and prospects of leasing industry in India. The paper aims to examine the problems faced by leasing companies in India and to assess the prospects of the Indian leasing industry. The study is conducted based on 28 lessors' questionnaire-response and the outcome of the in-depth interviews of the executives of leading leasing companies. According to the study, there were over 400 private and public limited leasing companies in India involved in diverse leasing activities. Moreover, the study tried to explain the different formation and structure of leasing companies in the country.

The paper divides the sector into two broad categories: the private sector leasing and the public sector leasing. The important constituents of the private sector leasing industry include: Pure Leasing companies, Hire-purchase and Finance companies, and Subsidiaries of Manufacturing Group companies.

On the other hand, the public sector leasing organizations are divided into (a) leasing divisions of financial institutions; (b) subsidiaries of nationalized commercial banks; and (c) other public sector leasing organizations. After thorough analysis of the leasing industry, the study has identified the main problems that require utmost attention. These are: resource crunch; inadequate tax benefits and sales tax burden; rigid procedure for import/cross border leasing; lack of proper and integrated accounting standards; lack of legislation; existence of cut-throat competition; and lack of expertise in the management.

With regards to the prospects of leasing industry in India, the paper noted that despite the abovementioned problems, the leasing business in India has its own growth potential and prospects. It has also described the potential of leasing in India by comparing the level of total industrial investment through leasing (less than 1 percent) with that of developed countries such as the US, the UK (30 – 40 percent capital investment through leasing) and 10 to 20 percent in Australia, Canada, Japan, etc.

Empirical research showed that the key element in a logistics chain was transportation management, which joined the separated activities (Tseng, at el., 2005) and it influenced the performance of logistics management hugely (Tseng, at el., 2005). Transportation was defined as the activities involved in shipping any goods or finished products from suppliers to a facility or to warehouses and sales locations (Kenyon & Meixell, 2011). Transportation was required in the whole production procedures, from manufacturing to delivery to the final consumers and returns.

Only a good coordination between each component would bring the benefits to a maximum (Laird, 2012). Transportation, or the movement of goods from any value-adding location to another, was used and its success was quantified in this model (Laird, 2012). As —the flow of goods was a part of the definition, transportation seemed a natural piece of logistics management and therefore a vital factoring influencing firm performance.

Any company that sold goods likely had the materials necessary to sell their products as well as finished products on-hand (Mangarulkar, Thete, & Dabade, 2012). These materials and finished products kept on hand were the company's inventory. Stevenson (2009) referred to inventories as a vital part of business, as they were necessary for operations and also contributed to customer satisfaction. Mangarulkar, et al, 2012) stated that —stock must be well managed in order to maximize profits and many small businesses cannot absorb the types of losses arising from poor inventory management.

Prior research had provided some empirical support that inventory management was important to business and vital to logistics management success (Laird, 2012; Mangarulkar, et al., 2012; Bowersox, et al., 2010). Inventory management was directly related to warehousing and was vital to the manufacturing industry performance as the industry wanted to consistently have the optimal amount of raw materials for transformation and finished products available for their buyers.

Empirical research had shown that transmission of the customer's order triggered the logistics processes within the company and it was through order processing that handling and monitoring of an order - from the time it was placed by the customer to the delivery of the shipment documents and invoice to the customer was addressed (Wardaya, et al, 2013). While many aspects of information were critical to logistics operations, the processing of orders was of primary importance. Failure to fully comprehend this importance resulted from not fully understanding how distortion and operational failures in order processing impact logistics management (Bowersox, et al., 2012).

In most supply chains, customer requirements were transmitted in the form of orders. According to Bowersox, at el., 2012, the processing of these orders involved all aspects of managing customer requirements, including initial order receipt, delivery, invoicing, and collection. The

logistics capabilities of a firm could only be as good as its order processing competency (Bowersox, et al., 2012) hence creation of firm performance.

Although various empirical studies have been conducted to assess the problems and prospects of leasing industry in different countries of the world, there is a lack of empirical study that examines the data on leasing aspects particularly in Ethiopia. Therefore, this study will make an attempt to bridge this gap and elaborate the opportunities, potential prospects and challenges of the leasing industry in Ethiopia.

2.4. Research gap and Conceptual Framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo and Tromp, 2009). In this study, Theory of Constraints used to help firms in inventory, transport management and order processing. By theory of Constraints methodology, a logistics was analyzed by means of a holistic view, in other words, it was defined as a group of dependent elements and, therefore, logistics performance was dependent on the efforts of these core elements (transportation, inventory, order processing and information flow).

The conceptual framework explained the relationship between the independent and the dependent variables in the study. With the increasing awareness of strategic implications of logistics and the growing awareness of the benefits of leveraging logistics to increase customer value (Stank *et al.*, 2003) measuring the performance of logistics had become a high priority (Cheng & Grimm 2006; Stank, Davis, & Fugate, 2005; Griffis, Goldsby, Cooper, & Closs, 2007). The dependent variable was lease financing performance and it was called dependent because any successful firm performance depended on many different factors which were termed as independent variables. The independent variables in this case are transport management, inventory management, order processing and information flow which are the core factors that led to success of logistics management

Empirical research showed that the key element in a logistics chain was transportation management, which joined the separated activities (Tseng, *et al.*, 2005) and it influenced the performance of logistics system hugely (Tseng, *et al.*, 2005). Transportation was defined as the activities involved in shipping any goods or finished products from suppliers to a facility or to warehouses and sales locations (Kenyon & Meixell, 2011).

Prior research had provided some empirical support that inventory management was important to business and vital to logistics success (Laird, 2012; Mangarulkar, *et al.*, 2012; Bowersox, *et al.*, 2010). Inventory management was directly related to lease financing performance as the bank wanted to consistently have the optimal amount of available machineries and equipments for its customers.

According to Bowersox, *et al.*, 2012, the processing of orders involved all aspects of managing customer requirements, including initial order receipt, delivery, invoicing, and collection. The logistics capabilities of a firm could only be as good as its order processing competency (Bowersox, *et al.*, 2012).

Prior research has proved that better information usage can improve the performance of many logistics tasks including, demand forecasting, transport management, inventory management and the processing of orders which is of primary importance to firm performance (Savitske, 2004; Bowersox *et al.*, 2012). Effective and efficient information sharing improves the visibility of logistics activities (Wardaya, *et al.*, 2013).

Theory of Constraints was therefore useful in measuring the influence of transport management, inventory management and order processing on performance of lease financing performance of Development bank of Ethiopia.

Based on many related literature reviews, the conceptual framework of this study is rooted on the incorporation of dependent variable of lease financing indicator that Increased competitiveness for financial institutions; Increased competitiveness for suppliers and manufacturers; Profit of the bank; Attraction of lower ultimate cost or increased financial flexibility for lessee, Tax benefit and Better planning for development of leasing industry. The independent variables in this case transport management, inventory management, order processing and information flow management.

Logistics is one of the dynamic activities that enable the connection between production and consumption and complex business and that can be measured from different perspectives (Bartolacci, *et al.* 2012).

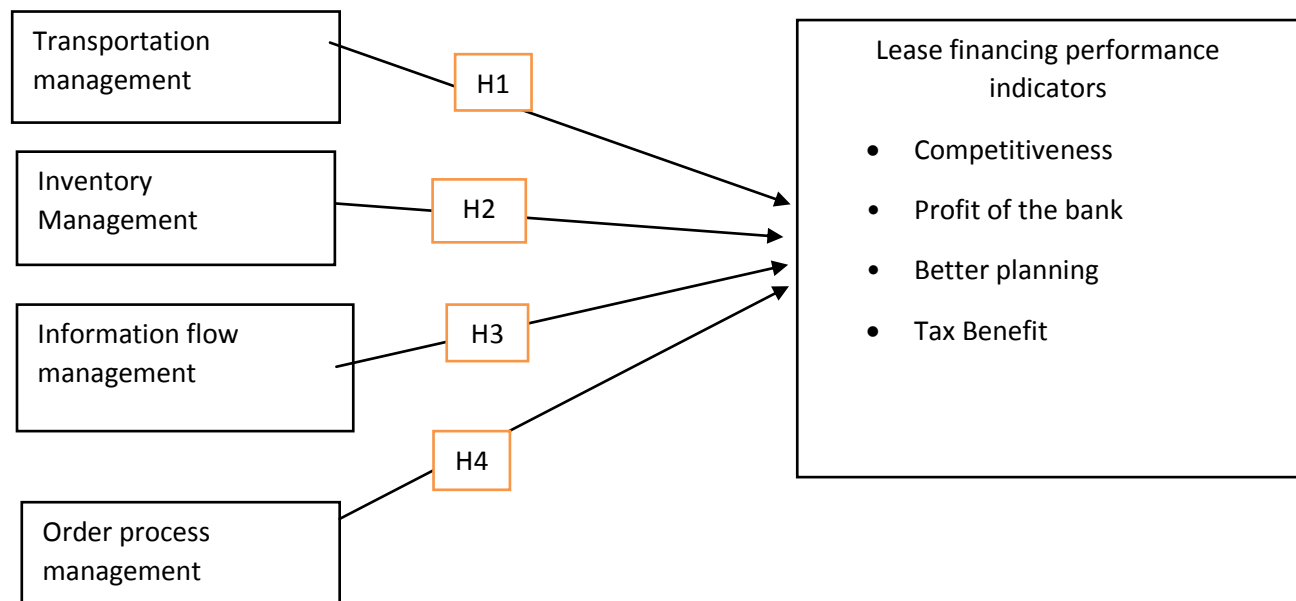
The empirical review had evident that research in the area of lease financing had been done but not in a comprehensive approach in Ethiopia. Literature review available indicated that studies

had focused more on developed world like European Union, United states and advanced Asian and not taking in to account developing counties such as Africa and parts of South America (Kaufmann & Carter 2006).

Development bank of Ethiopia is the only bank in Ethiopia which has been given the mandate of managing capital good lease financing since 2013 though, it has faced many challenges of achieving lease financing performance efficiently. The major reasons driving to study was lack of empirical evidence on Logistics management concept and lease financing performance targeting Development bank of Ethiopia (policy bank) in Ethiopia, poor performance of capital good lease financing in terms efficiency and effectiveness and finally the current literature largely focusing outside Ethiopia.

Independent Variable

Dependent Variable



Source: Patrick Wathe Mwangangi: Jomo Kenyatta University of Agriculture and Technology, 2016

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

Research as defined by many authors (Bashir, Afzal&Azeem, 2008; Creswell, 2003; McMillan and Schumacher, 2006; andBest, 2006) is the systematic application of scientific method to the problem under consideration. Research methodology therefore presents the overall framework on how research results may be achieved through data collection and analysis. This chapter presents the research philosophy, research design, target population, sample size and sampling technique, data collection procedure and instruments and finally data analysis and reporting.

3.2. Research Approach

This study employed both qualitative and quantitative data collection techniques are used in and research approach to answer the research questions to know the current performance of lease financing development bank of Ethiopia with regard to the relationship of logistic management function. According to Crewel et. al. (2008), quantitative research is a means for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. Thus, the researcher applied quantitative approach in this study to test objectively the effect of logistics management on capital good lease financing performance.

3.3. Research Design

A research design is defined as a general framework of how the researcher intends to go about answering the research questions. Saunders et al. (2007) and Cooper and Schindler (2006) assert that research design is a blueprint for collection, measurement and analysis of data. There are three main research designs namely; descriptive, exploratory and explanatory research designs.

The study adopted both descriptive and explanatory research designs. Descriptive research design combined with graphical illustrations was used to describe various variables of interest. Whereas, explanatory research design has been used to establish the magnitude, direction and significance of logistic management on capital good leased financing performance in Development Bank of Ethiopia.

According to Cooper and Schindler (2006) descriptive research design enables the researcher to narrate how various behaviours and events occur. It describes a phenomena occurring in a population without influencing the subjects been studied. Regarding explanatory research design also known as casual research design seeks to establish relationships between variables. This design is used to establish relationships between two or multiple variables of interest. Creswell (2005) asserts that explanatory research design can be used to predict an outcome. Consequently, explanatory research design can be used to investigate the effect of logistics management on capital good lease financing performance by estimating the relationships between various aspects of logistic management variables and performance of lease financing.

3.4 Population and sampling

This study has taken the whole population from all Capital Goods Procurement and Supply Directorate and Lease Financing Follow up Directorate of Development Bank of Ethiopia. There are 104 employees working in both directorates. The reason behind taking the whole population is, the researcher could easily reach them. Using census, best represents the study population which result reliable findings.

3.5 Data collection procedures and instrument

There are two types of data which is usually used in researches, primary and secondary data. Primary data does not actually exist until and unless it is generated through the research process as part of the consultancy or dissertation or project. It will often be collected through techniques such as experimentation, interviewing, observation and surveys. On the other hand Secondary data is information which already exists in some form or other but which was not primarily collected, at least initially, for the purpose of the consultancy exercise at hand. In fact, secondary

data is often the start point for data collection in as much as it is the first type of data to be collected (Lancaster, 2005).

This study used primary and secondary source of data. Regarding the primary data the researcher distributed questionnaires to relevant participants working in Capital Goods Procurement and Supply Directorate and Lease Financing Follow up Directorate personally. The researcher collected secondary data from the annual reports and examined different articles, academic journals, useful academic books and banks reports in order to strength the result and findings of the study as secondary data.

The questionnaire is common instrument for observing data beyond the physical reach of the observer (Davies & Dodd, 2002). As stated by Creswell and Miller, (2000), in a questionnaire there may be open and closed ended questions. This study were used both open and close ended questions which is one where responses are non restricted and restricted to small set of responses that generate precise answers to develop the empirical study.

This research used questionnaire as a tool to collect data from the target population. The frequency of data collection was cross sectional that means it looks at what is happening at a moment in time and is comparable to taking a snapshot at a particular time and is representative of what was happening at the time when research is carried out (shao, 1999).

3.6 Validity and reliability of the instrument

3.6.1 Validity of the Research Instrument

Oroho (2009) suggests validity as the accuracy and meaningfulness of inferences, which are based on the research result. The questionnaires used in the study are standard questionnaires whose validity and reliability were tested by its developer. However, they were discussed with research advisor for suggestion and got advisor's consent. Thus, questionnaires were distributed without additional pre-test.

3.6.2 Reliability of the Research Instrument

The reliability of the research measurement and its consistency of the research is very important task. Data reliability ensures the precision with which data is collected. Considering this the study used a pre-testing by distributing small number of questionnaires to sample in order to recognize either they understand or not the questions concepts.

The study conducted pilot study to test the reliability and validity of the research instrument. The study used 10 percent of the population for pilot testing. Consequently, 10 percent of 104 translated into approximately 10 DBE's employee. The study used random sampling to select 10 logistics senior managers and officers of who were not included in the main survey.

With the exception of demographic characteristics, other variables were measured as construct. These variables had several items that measured the same concept or phenomenon. Thus this study tested for reliability based on the Cronbach's alpha values for each measurement construct and then for the overall items used in the 94 questionnaire. The reliability results for each measurement construct are presented in table. The result shows that the Cronbach's alpha for lease financing performance constructs is 0.757 with a total of 4 items. This implies that the items included in lease financing performance are indicative of the same underlying disposition. The Cronbach's alpha for transport management, inventory management, order processing and information flow management variables were 0.742, 0.878, 0.930 and 0.942 respectively implying that the items in the construct are indicative of the same underlying disposition.

The Cronbach 's alpha for logistics management construct is 0.700 with a total of 34 items implying that the items included are a good indicative of the same underlying disposition. The value of the Cronbach 's alpha for all measurement constructs is greater than or equal to the 0.7 value implying that the research instrument is reliable.

Table 3.1: Reliability Test Results

Variable	Number of Items	Cronbach's Alpha
Transport Management	8	0.742
Inventory Management	8	0.878
Order Process Management	9	0.930
Information Flow Management	9	0.942
Lease finance performance indicators	4	0.757

Source: SPSS output

Further the study tested for construct validity through in-depth interviews with key informants (retired logistics managers and officers) prior to the construction of the questionnaire so as to solicit valid concepts. The key informants provided relevant information that was used to modify the questionnaire thereby coming up with constructs that were valid.

3.7 Ethical consideration

There were certain ethical procedures followed during the research process. Research participants were informed about the objectives of research and their contribution for its completion. Confidentiality of response to the questions was confirmed to ascertain their freedom and secure reliable data. In addition, utmost care had been taken upon data encoding to ensure integrity of data in order to ascertain that statistical results are truthful. In addition, all ideas taken from other authors are duly properly acknowledged.

3.8 Data Analysis

In order to reach on meaningful facts and conclusions, the research provided explanation on effect of logistics management on capital goods lease financing performance of development bank of Ethiopia and answered the basic questions of the research. The data collected via the questionnaires was analyzed by Statistical Package for Social Sciences (SPSS). In generating the actual results, frequency tables were generated to determine the number of respondents who expressed their opinion on a particular item. Based on the frequency tables generated from SPSS, descriptive statistic was used to analyze and describe the findings. In order to further test the

research hypothesis, the research used linear Regression model. The statistical test applied to examine the relationship between the studies “dependent and independent variable whereas linear regression model and correlation were computed and analysed to evaluate the level of significance of the logistics management on lease financing performance.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents the findings from data analysis and is divided into five sections. Section 4.2 presents descriptive statistics, section 4.3 presents frequency for firm performance, logistics management and logistics performance, section 4.4 presents results for factor analysis and section 4.5 presents regression results and their interpretation

4.2. Demographic background of the respondents

4.2.1. Response Rate Respondents

The study collected data from the whole target population using questionnaires. According to Babbie (2004) a response rate of 60 percent is good and that of 90 percent is very good. The researcher distributed 104 questionnaires to gather the required data whereas only 94 questionnaires were returned which recording a return rate of 90.38%.

This section presents background information of the respondents.

Table 4.1: Age respondents

Age range	Frequency	Percent	Valid Percent	Cumulative Percent
21-29	28	29.8	29.8	29.8
30-39	48	51.1	51.1	80.9
40-49	16	17.0	17.0	97.9
50-59	2	2.1	2.1	100.0
Total	94	100.0	100.0	

Source: SPSS output

The study found that majority (51%) of respondents was aged between 30 and 39 years followed by 29 percent of respondents aged between 40 and 49. Only 2 percent of the respondents indicated that they were between 21 and 29 years old. Therefore, 70 percent of the respondents

were aged 30 years and above (Figure 4.1). This suggests that the respondents have wide experience in the work place consequently they are in a position to understand most of the logistics management concepts.

Table 4.2: Gender of the respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	68	72.3	72.3	72.3
Female	26	27.7	27.7	100.0
Total	94	100.0	100.0	

Source: SPSS output

Regarding gender of the respondents, majority (72%) of the respondents were male while 28% of the respondents were female (figure 4.2). This suggests a fair representation of gender thereby the study collected views from both genders.

Table 4.3: Respondents position they hold in the bank

Job position	Frequency	Percent	Valid Percent	Cumulative Percent
Director	2	2.1	2.1	2.1
Manager	16	17.0	17.0	19.1
Senior Officer	56	59.6	59.6	78.7
Officer	18	19.1	19.1	97.9
Junior Officer	2	2.1	2.1	100.0
Total	94	100.0	100.0	

Source: SPSS output

The above table shows that majority of the respondents were senior officers followed by officers and managers. Directors and junior officers respond equally. From these we can infer that more than 70 % of respondents were experienced and high-level officials, which will make the answer more sensible and sounder.

4.3. Descriptive Analysis of Independent variable

4.3.1 Transportation management

Table 4.4: Fleet management

	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	34	36.2	36.2	36.2
Small Extent				
Moderate Extent				
Great Extent				
Very great extent	60	63.8	63.8	100
Total	94	100	100	

Source: SPSS output

From the above table 63.8 % of the respondents had used fleet management in very great extent way while 36.2% of the respondent had replied not at all. From these, it could be said that the extent of fleet management utilization among the employees of DBE were extreme. Even though the respondents are educated and directly linked to the issue we raised, but significant amount of them were responded as ‘not at all’ which entails there is fleet management information gap among the employees. The existence of the gap might affect the lease financing performance as well.

Table 4.5: Fleet control

Scale	Frequency	Percent	Valid Percent	Cumulative percent
Not at all	42	44.7	44.7	44.7
Small Extent	1	1.1	1.1	45.7
Moderate Extent				
Great Extent				
Very great extent	51	54.3	54.3	100
Total	94	100	100	

Source: SPSS output

The above table shows that the majority of the respondent replied the extent of using fleet control is very great extent (54.3%) on contrary 44.7% of the respondent replied as not at all. Fails to utilize fleet control to the extent close to 50 %, there is biased decision among employees that potentially affect lease financing performance.

Table 4.6: Fuel management

	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	34	36.2	36.2	36.2
Small Extent				
Moderate Extent				
Great Extent				
Very great extent	60	63.8	63.8	100
Total	94	100	100	

Source: SPSS output

The above table 63.8 % of the respondents had used fuel management in very great extent way while 36.2% of the respondent had responded as ‘not at all’. From these we can say that the employment of fuel management among the employees of Development bank of Ethiopia is extreme. Fuel management can support the lease financing directorate by informing how fuel is to be managed so that lease financing could allocate appropriate amount of budget.

Table 4.7: Preventive maintenance

Scale	Frequency	Percent	Valid Percent	Cumulative percent
Not at all	30	31.9	31.9	31.9
Small Extent				
Moderate Extent				
Great Extent				
Very great extent	64	68.1	68.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 68.1 % of the respondents said preventative maintenance had done for the transportation management in a very great extent way while 31.9% of the respondent said

that preventative maintenance had not been. Therefore, the gap between the two extreme values indicates that lease finance planning might be affected.

Table 4.8: Tracking

Scale	Frequency	Percent	Valid Percent	Cumulative percent
Not at all	34	36.2	36.2	36.2
Small Extent				
Moderate Extent				
Great Extent				
Very great extent	60	63.8	63.8	100
Total	94	100	100	

Source: SPSS output

The above table shows that 63.8 % of the respondents had used tracking in very great extent way while 36.2% of the respondent had responds as ‘ not at all’. The gap in not managing tracking could potentially cause miscommunication that waste of time and money.

Table 4.9: Vehicle scheduling

Scale	Frequency	Percent	Valid Percent	Cumulative percent
Not at all	18	19.1	19.1	19.1
Small Extent				
Moderate Extent				
Great Extent				
Very great extent	76	80.9	80.9	100
Total	94	100	100	

Source: SPSS output

The above table shows that 80 % of the respondents had said vehicle scheduling was done in a very great extent way while 19 % of the respondent had said vehicle scheduling wasn’t done at all. From these we can infer that high performance in vehicle scheduling could support lease financing by facilitating the arrangement.

Table 4.10: Route planning

Scale	Frequency	Percent	Valid Percent	Cumulative percent
Not at all	42	44.7	44.7	44.7
Small Extent				
Moderate Extent				
Great Extent				
Very great extent	52	55.3	55.3	100
Total	94	100	100	

Source: SPSS output

The above table shows that 55.3 % of the respondents had used route planning in a very great extent way while 44.7% of the respondent had responded as ‘not at all’. The gap in not using route planning at all could interfere with other transportation management like vehicle scheduling, so that achieving scheduling by 80% didn’t sound without planning the route.

Table 4.11: Vehicle inspection schedule

Scale	Frequency	Percent	Valid Percent	Cumulative percent
Not at all	20	21.3	21.3	21.3
Small Extent				
Moderate Extent				
Great Extent				
Very great extent	74	78.7	78.7	100
Total	94	100	100	

Source: SPSS output

The above table shows that 78.7% of the respondents using tracking in very great extent way while 21.3% of the respondent had replied as ‘not at all’. The application of Vehicle scheduling and vehicle inspection schedule in a very extent way could support each other so that lease financing could smooth the progress of too.

4.3.2 Inventory Management

Table 4.12: JIT (just in time) replenishment

scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	22	23.4	23.4	23.4
Small Extent	20	21.3	21.3	44.7
Moderate Extent	40	42.6	42.6	87.2
Great Extent	12	12.8	12.8	100
Very great extent				
Total	94	100	100	

Source: SPSS output

The above table shows that 42.6% of the respondents are using just in time replenishment in moderate extent way while 21.3% and 23.4% of the respondent said in small extent and not at all respectively. The lowest number of respondents had said that just in time replenishment was 12.8%. Above average number of respondents reply below moderate extent. These suggest that the bank using JIT replenishment to the extent below average in delivering customer needs.

Table 4.13 Automated recording

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	20	21.3	21.3	21.3
Small Extent	22	23.4	23.4	44.7
Moderate Extent	38	40.4	40.4	85.1
Great Extent	12	12.8	12.8	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The study found that 2.1% of respondents said that the inventory management used automated recording is in very great extent, 12.8% of respondents replied as great extent, 40.4% in moderate extent, 23.4% in small extent and 21.3% replied as not done at all. Above average number of respondents replied below moderate extent. This suggests that nearly half of the recording was not automated so that it's vulnerable for bias as well as misreport that affect lease financing performance.

Table 4.14 Cycle counting

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	16	17	17	17
Small Extent	18	19.1	19.1	36.2
Moderate Extent	40	42.6	42.6	78.7
Great Extent	20	21.3	21.3	100
Very great extent				
Total	94	100	100	

Source: SPSS output

The above table shows that cycle counting had been used 42.6% in moderate extent, 21.3% in a great extent, 19.1% in small extent and 17.0% not at all had said cycle counting implemented in inventory management. But above average number of respondents reply below moderate extent. This suggested that the extent of using this activity is below moderate which affects for the better planning of lease financing performance.

Table 4.15 Inventory control

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	12	12.8	12.8	12.8
Small Extent	12	12.8	12.8	25.5
Moderate Extent	42	44.7	44.7	70.2
Great Extent	20	21.3	21.3	91.5
Very great extent	8	8.5	8.5	100
Total	94	100	100	

Source: SPSS output

The above table shows that 8.5% of the respondent replied that inventory control was done to very great extent, 21.3% of the respondent replied that inventory control was done in great extent, 44.7% of the respondent replied inventory control were done to moderate extent, on the other hand, 12.8% of the respondent replied that inventory control was done to small extent and at all. But above average number of respondents are replied as above moderate extent. These suggest that the extent of using this activity is above moderate.

Table 4.16 EOQ (economic order quantity)

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	24	25.5	25.5	25.5
Small Extent	20	21.3	21.3	46.8
Moderate Extent	38	40.4	40.4	87.2
Great Extent	12	12.8	12.8	100
Very great extent				
Total	94	100	100	

Source: SPSS output

The above table shows that 12.8% of the respondent replied that economic order quantity was done to a great extent, 40.4% of the respondent replied that economic order quantity was done in moderate extent, 21.3% of the respondent replied economic order quantity were done to small extent, on the contrary, 25.5% of the respondent replied that economic order quantity was done not at all. But above average number of respondents reply below moderate extent. These suggests that under performance of Economic Order Quantity affects lease financing for the better planning and proper management of expenditures. So that it affects profit of the bank by improper utilization of resources.

Table 4.17 Response based replenishment

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	20	21.3	21.3	21.3
Small Extent	16	17	17	38.3
Moderate Extent	28	29.8	29.8	68.1
Great Extent	28	29.8	29.8	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2% of the respondent replied that response-based replenishment was done to very great extent, 29.8 % of the respondent replied as moderate as well as to great extent, 17% of the respondent replied as small extent, on the contrary, 21.3% of the respondent replied as not done at all. But above average number of respondents reply below moderate extent. This

suggests that there is below average extent of using which affects competitiveness of lease financing performance.

Table 4.18 Fixed-period system

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	16	17	17	17
Small Extent	12	12.8	12.8	29.8
Moderate Extent	48	51.1	51.1	80.9
Great Extent	16	17	17	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1% of the respondent replied that fixed-period system were done to very great extent, 17.0% of the respondent replied as great extent, 51.1% of the respondent replied as moderate extent, 12.8% of the respondent replied as small extent, on the other hand, 17.0% of the respondent replied as not done at all. But above average number of respondents reply below moderate extent. The application of fixed period system will lead to predictable scheme and the better planning of lease financing performance.

Table 4.19 Periodic review

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	12	12.8	12.8	12.8
Small Extent	6	6.4	6.4	19.1
Moderate Extent	42	44.7	44.7	63.8
Great Extent	34	36.2	36.2	100
Very great extent				
Total	94	100	100	

Source: SPSS output

The above table shows that 36.2% of the respondent replied that periodic review was done to a great extent, 44.7% of the respondent replied as moderate extent, 6.4% of the respondent replied as small extent, on the other hand, 12.8% of the respondent replied as not done at all. Above average number of respondents replied as moderate extent. These suggests that there is above average extent of periodic review application that assists the performance of lease financing as well.

4.3.3 Order processing management

Table 4.20 Use electronic order processing

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	36	38.3	38.3	38.3
Small Extent	22	23.4	23.4	61.7
Moderate Extent	24	25.5	25.5	87.2
Great Extent	8	8.5	8.5	95.7
Very great extent	4	4.3	4.3	100
Total	94	100	100	

Source: SPSS output

The above table shows that 4.3% of the respondent replied that using electronic order processing were in very great extent, 8.5% of the respondent replied as great extent, 25.5% of the respondent as moderate extent, 23.4 % of the respondent replied as small extent, on the other hand not using electronic order processing at all were 38.3%. Above average number of respondents replied as below moderate extent. These suggest that there is dominance in not using electronic order processing that can be explained as lack of automated order processing affecting achieving competitiveness of lease financing performance.

Table 4.21 Deliver right quality of products at first order

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	10	10.6	10.6	10.6
Small Extent	34	36.2	36.2	46.8
Moderate Extent	34	36.2	36.2	83
Great Extent	12	12.8	12.8	95.7
Very great extent	4	4.3	4.3	100
Total	94	100	100	

Source: SPSS output

The above table shows that 4.3% of the respondent replied that deliver right quality of products at first order were done to very great extent, 12.8% of the respondent replied that deliver right quality of products at first order were in great extent, 36.2% of the respondent replied as moderate extent, 36.2% of the respondent replied as small extent, on the other hand, 10.6 % of the respondent replied as not done at all. Above average number of respondents replied below

moderate extent. These suggest that lease financing performance in delivering the right quality of product at first order is in question. Thus, it will create customer dissatisfaction that affects profit of the bank.

Table 4.22 Orders processed on time

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	6	6.4	6.4	6.4
Small Extent	28	29.8	29.8	36.2
Moderate Extent	40	42.6	42.6	78.7
Great Extent	18	19.1	19.1	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1% of the respondent replied that order processed on time were in very great extent, 19.1% of the respondent replied as great extent, 42.6% of the respondent replied as moderate extent, 29.8% of the respondent replied as small extent and, 6.4% of the respondent replied as not done at all. Above average number of respondents replied as below moderate extent. These outputs can be explained as order processing time is very long. Therefore; it will delay the whole process and will create customer dissatisfaction that affects profit of the bank as well.

Table 4.23 Use order processing system

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	14	14.9	14.9	14.9
Small Extent	20	21.3	21.3	36.2
Moderate Extent	42	44.7	44.7	80.9
Great Extent	16	17	17	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1% of the respondent replied, using order processing were in a very great extent, 17.0% of the respondent replied as great extent, 44.7% of the respondent replied as moderate extent, 21.3 % of the respondent replied as small extent. On the other hand, 14.9% of the respondent replied as not done at all. Above average number of respondents replied as below

moderate extent. These suggested that the system has not assisting lease financing performance as the bank utilizing below average extent.

Table 4.24 Achieve timely delivery

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	12	12.8	12.8	12.8
Small Extent	30	31.9	31.9	44.7
Moderate Extent	34	36.2	36.2	80.9
Great Extent	14	14.9	14.9	95.7
Very great extent	4	4.3	4.3	100
Total	94	100	100	

Source: SPSS output

The above table shows that 4.3% of the respondent replied that achieving timely delivery in a very great extent, 14.9% of the respondent as great extent, 36.2% of the respondent replied as moderate extent, 31.9% of the respondent replied as small extent and 12.8% of the respondent replied as not done at all. Above average number of respondents replied as below moderate extent. These suggested that there is below average achievement in timely delivery that affects the competitiveness of lease financing performance.

Table 4.25 Ensure internal satisfaction

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	10	10.6	10.6	10.6
Small Extent	36	38.3	38.3	48.9
Moderate Extent	32	34	34	83
Great Extent	12	12.8	12.8	95.7
Very great extent	4	4.3	4.3	100
Total	94	100	100	

Source: SPSS output

The above table shows that 4.3% of the respondent replied that DBE's capital goods procurement and supply directorate ensures internal satisfaction in a very great extent, 12.8% of the respondent as great extent, 34.0% of the respondent replied as moderate extent, 38.3% of the respondent replied as small extent, and 10.6 % of the respondent replied as not at all. Above average number of respondents replied as below moderate extent. From these, we could be

inferred as the bank is not ensuring internal satisfaction that will lead to de-motivating employees that in turn will affect overall performance of lease financing.

Table 4.26 Ensure zero double payments

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	12	12.8	12.8	12.8
Small Extent	26	27.7	27.7	40.4
Moderate Extent	34	36.2	36.2	76.6
Great Extent	12	12.8	12.8	89.4
Very great extent	10	10.6	10.6	100
Total	94	100	100	

Source: SPSS output

The above table shows that 10.6% of the respondent replied that ensure zero double payments were done to a very great extent, 12.8% of the respondent replied as great extent, 36.2% of the respondent replied as moderate extent, 27.7% of the respondent replied as small extent, on the contrary, 12.8% of the respondent replied as not done at all. The relevance of ensuring double payment was customer satisfaction that affects competitiveness and profit of the bank. Above average number of respondents replied as below moderate extent.

Table 4.27 use order tracking systems

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	18	19.1	19.1	19.1
Small Extent	18	19.1	19.1	38.3
Moderate Extent	38	40.4	40.4	78.7
Great Extent	16	17	17	95.7
Very great extent	4	4.3	4.3	100
Total	94	100	100	

Source: SPSS output

The above table shows that 4.3% of the respondent replied that order tracking systems were used in very great extent, 17.0% of the respondent replied as great extent, 40.4% of the respondent replied as moderate extent, 19.1% of the respondent replied as small extent, similarly not using order tracking system at all were 19.1%. These suggest that there is poor extent of using order

tracking system. These can be suggested as affecting logistics management and in-turn will affect competitiveness and planning of lease financing performance.

Table 4.28 Achieve minimum order processing costs

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	8	8.5	8.5	8.5
Small Extent	28	29.8	29.8	38.3
Moderate Extent	42	44.7	44.7	83
Great Extent	14	14.9	14.9	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1% of the respondent replied that achieving minimum order processing costs were in very great extent, 14.9% of the respondent replied as great extent, 44.7% of the respondent replied as moderate extent, 29.8% of the respondent replied as small extent. On the other hand, not achieving minimum order processing costs at all were 8.5%. These suggest that there is high cost for order processing that affects logistics management and in turn will affect the competitiveness and profitability of lease financing performance.

4.3.4 Information flow management

Table 4.29 Smooth information flow to all logistics functions

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	8	8.5	8.5	8.5
Small Extent	32	34	34	42.6
Moderate Extent	36	38.3	38.3	80.9
Great Extent	14	14.9	14.9	95.7
Very great extent	4	4.3	4.3	100
Total	94	100	100	

Source: SPSS output

The above table shows that 4.3 % of the respondent replied that smooth information flow to all logistics functions were in a very great extent, 14.9 % of the respondent replied as great extent, 38.3 % of the respondent replied as moderate extent, 34.0 % of the respondent replied as small

extent and 8.5% of the respondent replied as not done at all. Above average number of respondents replied as below moderate extent. These suggest that there is no smooth information flow and communication that affects lease financing performance.

Table 4.30 Practice internal information sharing

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	14	14.9	14.9	14.9
Small Extent	24	25.5	25.5	40.4
Moderate Extent	28	29.8	29.8	70.2
Great Extent	26	27.7	27.7	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1 % of the respondent replied that practicing internal information sharing were done in a very great extent, 27.7 % of the respondent replied as great extent, 29.8 % of the respondent replied as moderate extent, 25.5 % of the respondent replied as small extent and 14.9% of the respondent replied as not done at all. Above average number of respondents replied as below moderate extent. These suggest that there is poor information sharing practice that affects the competitiveness and planning of lease financing performance.

Table 4.31 Invested on information communication systems

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	14	14.9	14.9	14.9
Small Extent	30	31.9	31.9	46.8
Moderate Extent	24	25.5	25.5	72.3
Great Extent	24	25.5	25.5	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1% of the respondent replied, investing on information communication systems were done in a very great extent, 25.5 % of the respondent replied as great extent, 25.5 % of the respondent replied as moderate extent, 31.9 % of the respondent replied as small extent and 14.9% of the respondent as not done at all. Above average number of respondents replied as below moderate extent. These suggest that there is a need of more to

invest on information and communication system that enhances competitiveness of lease financing performance.

Table 4.32 Achieve accurate demand forecasting

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	14	14.9	14.9	14.9
Small Extent	38	40.4	40.4	55.3
Moderate Extent	32	34	34	89.4
Great Extent	8	8.5	8.5	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1 % of the respondent replied that achieving accurate demand forecasting were done in a very great extent, 8.5 % of the respondent replied as great extent, 34.0 % of the respondent replied as moderate extent, 40.4 % of the respondent replied as small extent and 14.9% of the respondent replied as not done at all. Above average number of respondents replied as below moderate extent. These suggest that there is under average extent of using in the accuracy of demand forecasting affecting over all planning of lease financing performance.

Table 4.33 Achieve timely respond to customer references

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	16	17	17	17
Small Extent	30	31.9	31.9	48.9
Moderate Extent	36	38.3	38.3	87.2
Great Extent	12	12.8	12.8	100
Very great extent				
Total	94	100	100	

Source: SPSS output

The above table shows that 12.8 % of the respondent replied that achieving timely respond to customer references in a great extent, 38.3 % of the respondent replied as moderate extent, 31.9% of the respondent replied as small extent and 17.0% of the respondent replied as not done at all. Above average number of respondents replied as below moderate extent. These suggest that there is below average extent of using timely response to customer reference that requires

management attention to customer satisfaction in-turn supporting profit of lease financing performance.

Table 4.34 Achieve optimal inventory

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	14	14.9	14.9	14.9
Small Extent	32	34	34	48.9
Moderate Extent	32	34	34	83
Great Extent	16	17	17	100
Very great extent				
Total	94	100	100	

Source: SPSS output

The above table shows that 17 % of the respondent replied that achieve optimal inventory were done in great extent, 34 % of the respondent replied as moderate extent, 34.0 % of the respondent replied as small extent and 14.9% of the respondent as not done at all. Above average number of respondents replied as below moderate extent. These suggest that there is average extent of achieving in optimal inventory that affects competitiveness, profit and the planning of lease financing performance.

Table 4.35 Achieve smooth flow of materials and products

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	8	8.5	8.5	8.5
Small Extent	32	34	34	42.6
Moderate Extent	28	29.8	29.8	72.3
Great Extent	24	25.5	25.5	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1 % of the respondent replied that achieving smooth flow of materials and products were in a very great extent, 25.5 % of the respondent replied as great extent, 29.8% of the respondent replied as moderate extent, 34.0 % of the respondent replied as small extent and 8.5% of the respondent replied as not done at all. Above average number of respondents replied as below moderate extent. These suggest that there is below average extent of achieving smooth flow of materials and products affecting lease financing performance.

Table 4.36 Use electronic order processing

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	22	23.4	23.4	23.4
Small Extent	34	36.2	36.2	59.6
Moderate Extent	22	23.4	23.4	83
Great Extent	12	12.8	12.8	95.7
Very great extent	4	4.3	4.3	100
Total	94	100	100	

Source: SPSS output

The above table shows that 4.3 % of the respondent replied using electronic order processing were in a very great extent, 12.8 % of the respondent replied as great extent, 23.4 % of the respondent replied as moderate extent, 36.2% of the respondent replied as small extent and 23.4% of the respondent replied as not done at all. Above average number of respondents replied as below moderate extent. These suggest that there is under average extent of using electronic order processing that affects the efficiency of lease financing performance.

Table 4.37 Use electronic customer feedback

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	44	46.8	46.8	46.8
Small Extent	22	23.4	23.4	70.2
Moderate Extent	16	17	17	87.2
Great Extent	10	10.6	10.6	97.9
Very great extent	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1 % of the respondent replied that using electronics customer feedback were in a very great extent, 10.6 % of the respondent replied as great extent, 17.0 % of the respondent replied as moderate extent, 23.4 % of the respondent replied as small extent and 46.8% of the respondent replied as not done at all. These suggest that there is under average extent of using electronic customer feedback that affects the performance of lease financing performance.

4.4. Descriptive analysis of dependent variable

Table 4.38 Competitiveness

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Very low	12	12.8	12.8	12.8
Low	14	14.9	14.9	27.7
Neutral	28	29.8	29.8	57.4
High	30	31.9	31.9	89.4
Very high	10	10.6	10.6	100.0
Total	94	100.0	100.0	

Source: SPSS output

The above table shows that 10.6 % of the respondent replied that competitiveness in lease financing directorate of DBE were in a very high, 31.9 % of the respondent replied as high, 29.8 % of the respondent replied as neutral, 14.9 % of the respondent replied as low and 12.8% of the respondent replied as very low. Above average number of respondents replied role of competitiveness in the bank is above neutral. These suggest that under performance of logistics management affect the competitiveness of lease financing performance.

Table 4.39 Profit of the bank

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Very low	14	14.9	14.9	14.9
Low	18	19.1	19.1	34
Neutral	14	14.9	14.9	48.9
High	42	44.7	44.7	93.6
Very high	6	6.4	6.4	100
Total	94	100	100	

Source: SPSS output

The above table shows that 6.4 % of the respondent replied that Profit of the bank were in a very high, 44.7% of the respondent replied as high, 14.9% of the respondent replied as neutral, 19.1 % of the respondent replied as low extent and 14.9% of the respondent as very low. Above average number of respondents replied as neutral. These suggest that under performance of all logistics management affects profit of lease financing performance.

Table 4.40 Better planning

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Very low	8	8.5	8.5	8.5
Low	20	21.3	21.3	29.8
Neutral	24	25.5	25.5	55.3
High	40	42.6	42.6	97.9
Very high	2	2.1	2.1	100
Total	94	100	100	

Source: SPSS output

The above table shows that 2.1 % of the respondent replied that Better planning were in a very high,42.6% of the respondent replied as high,25.5 % of the respondent replied as neutral,21.3 % of the respondent replied as low and 8.5% of the respondent replied as very low. Above average number of respondents replied the role of planning of lease financing is above neutral. These suggest that under performance logistics management affects the planning of lease financing performance.

Table 4.41 Tax benefits

Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Very low	8	8.5	8.5	8.5
Low	12	12.8	12.8	21.3
Neutral	32	34.0	34.0	55.3
High	30	31.9	31.9	87.2
Very high	12	12.8	12.8	100.0
Total	94	100.0	100.0	

Source: SPSS output

The above table shows that 12.8% of the respondent replied that Better planning were in a very high,31.9% of the respondent replied as high,34 % of the respondent replied as neutral,12.8% of the respondent replied as low and 8.5% of the respondent replied as very low. Above average number of respondents replied the role of tax benefit of lease financing is above neutral. These suggest that under performance logistics management affects the tax benefit of lease financing performance.

4.5. Correlation analysis

4.5.1. Analysis of Transport management influence on lease financing performance

Table 4.42 correlation Analysis of TM Mean Vs lease financing indicators

		TM Mean	COMP Mean	PROFIT Mean	PLANING Mean	TAX Mean
TM Mean	Pearson Correlation	1	.341**	.235*	.251**	.402**
	Sig. (2-tailed)		.000	.011	.007	.000
	N	94	94	94	94	94

Source: SPSS output

**, Correlation is significant at the 0.01 level (1-tailed); *, Correlation is significant at the 0.05 level (1-tailed); **, Correlation is significant at the 0.01 level (1-tailed); **, Correlation is significant at the 0.01 level (1-tailed);

The above table shows that the relationship between transport management and competitiveness. As indicated above transport management and competitiveness have significantly positive relationship ($r=.341$, $p=.000$). Therefore, they have direct association. The relationship between transport management and profit of the bank as indicated above significantly positive relationship as ($r=.235$, $p=.011$). Therefore, they have direct association. The relationship between transport management and planning is significantly positive as ($r=.251$, $p=.007$). The relationship between transport management and tax benefit is also significantly positive as ($r=.402$, $p=.000$). The research, therefore, confirmed H1 completely.

4.5.2 Analysis of Inventory management influence on lease financing performance

Table 4.43 correlation Analysis of IM Mean Vs lease financing indicators

		IM Mean	COMP Mean	PROFIT Mean	PLANING Mean	TAX Mean
IM Mean	Pearson Correlation	1	.558**	.332**	.236*	.477
	Sig. (2-tailed)		.000	.001	.011	.000
	N	94	94	94	94	94

Source: SPSS output

**, Correlation is significant at the 0.01 level (1-tailed); **, Correlation is significant at the 0.01 level (1-tailed); *, Correlation is significant at the 0.05 level (1-tailed); **, Correlation is significant at the 0.01 level (1-tailed).

The relationship between inventory management and competitiveness there is significantly positive relationship as ($r=.558$, $p=.000$). Inventory management and profit of the bank has significantly positive relationship as ($r=.332$, $p=.001$). The relationship between inventory management and planning, there is significantly positive relationship as ($r=.236$, $p=.011$). The relationship between inventory management and tax benefit has also significantly positive relationship ($r=.477$, $p=.000$). The research, therefore, confirmed H2 completely.

4.5.3 Analysis of Order process management influence on lease financing performance

Table 4.44 correlation Analysis of OPM Mean Vs lease financing indicators

		OPM Mean	COMP Mean	PROFIT Mean	PLANING Mean	TAX Mean
OPM Mean	Pearson Correlation	1	.555**	.317**	.367**	.381**
	Sig. (2-tailed)		.000	.001	.000	.000
	N	94	94	94	94	94

Source: SPSS output

**. Correlation is significant at the 0.01 level (1-tailed); **. Correlation is significant at the 0.01 level (1-tailed); **. Correlation is significant at the 0.01 level (1-tailed).

As indicated above the relationship between order processing management and competitiveness, there is significant positive relationship ($r=.555$, $p=.000$). As indicated above there is significant relationship between order process management and profit of the bank as ($r=.317$, $p=.001$). As indicated above there is significant positive relationship between order processing management and planning as ($r=0.367$, $p=.000$). there is also significant relationship between order processing management and tax benefit as ($r=.025$, $p=.811$). The research, therefore, confirmed H3 completely.

4.5.4 Analysis of Information flow management influence on lease financing performance

Table 4.45 correlation Analysis of INFM Mean Vs lease financing indicators

		INFM Mean	COMP Mean	PROFIT Mean	PLANING Mean	TAX Mean
INFM Mean	Pearson Correlati on Sig. (2- tailed) N	1 94	.444** .000 94	.355** .000 94	.465** 0.000 94	.524** 0.000 94

Source: SPSS output

**, Correlation is significant at the 0.01 level (1-tailed). **, Correlation is significant at the 0.01 level (1-tailed). **, Correlation is significant at the 0.01 level (1-tailed). **, Correlation is significant at the 0.01 level (1-tailed).

As indicated above the relationship between information flow management and competitiveness is significant as ($r=.444$, $p=.000$). The relationship between information flow management and profit of the bank is significant as ($r=.355$, $p=.000$). The relationship between information flow management and planning is significant as ($r=.465$, $p=.000$). The relationship between information management and tax benefit is significant as ($r=.524$, $p=.000$).

Thus, the research confirmed H4 completely.

Analysis of open-ended questions

Information gathered from open-ended questions are summarized as follows:-

There is poor logistics management in the bank. Besides, the logistics management of the bank is rated very low besides the bank need to benchmark the experience of other lease financing companies in relation to the logistics management aspects of the bank.

Overall performance of DBE'S lease financing is found to be unsatisfying customer needs. Ever since the lease financing activity of DBE from the very beginning is imposed by government by political motivation. Thus, lease financing activity should be performed by an independent entity.

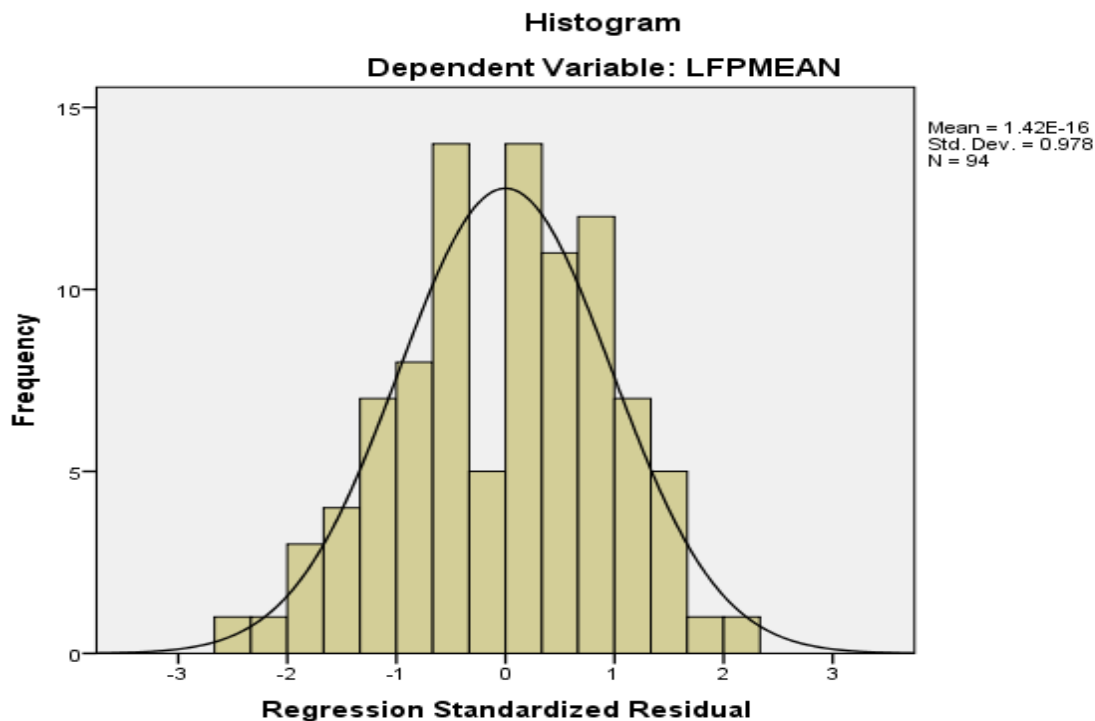
There is also weak transport management practice in DBE. Not timely delivered machinery and equipment to the customers. Lease financing is not clearly served and having challenges for the customers. Since the inventory not delivered timely and did not organize logistics practice.

4.6. Diagnosis Tests

Before applying regression analysis, some tests were conducted in order to ensure the appropriateness of data for further regression analysis as follows:

4.6.1. Normality Test

As it can be seen from figure, although there are some residuals (e.g., those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close. Moreover, the histogram is bell shaped which lead to infer that the residual (disturbance or errors) are normally distributed. Thus, no violations of the assumption normally distributed error term.



Source: SPSS output

4.6.2. Autocorrelation Tests

According to Brooks (2008), the covariance between the error terms over time (or cross sectional, for that type of data) is zero. That means, it is assumed that the errors are uncorrelated

with one another. If the errors are not uncorrelated with one another, it would be stated that they are auto correlated or they are serially correlated.

To test the presence of autocorrelation, the Durbin Watson test is used. As noted in Brooks (2008), Durbin Watson is a test for first order autocorrelation (it is a test for a relationship between an error and its immediate previous value).

This assumption stated that the covariance between the error terms over time (or cross sectionals, for that type of data) is zero. In other words, it is assumed that the errors are uncorrelated with one another. If the errors are not uncorrelated with one another, it would be stated that they are auto correlated or that they are serially correlated (Brooks, 2008).

To test the presence of autocorrelation, the Durbin Watson test is used. As noted in Brooks (2008), Durbin Watson is a test for first order autocorrelation (it is a test for a relationship between an error and its immediate previous value). If the Durbin Watson test approaches to two, it is an indication of the absence of autocorrelation. As per Brooks (2008) lagged the value is simply the value that the variable took during a previous period. A value of DW test result of 2 means there is no autocorrelation detected. Whereas, a value between 0 and 2 indicates positive autocorrelation and a value between 2 and 4 indicates negative autocorrelation. In this study the Durbin Watson test regression result DW is 1.869. Hence, as the test indicates there is absence of autocorrelation problem.

Table 4.46 Durbin-Watson – statistic test

Durbin-Watson - statistic	1.869
---------------------------	-------

Source: SPSS output

a. Predictors: (Constant), INFMMEAN, TMMEAN, INMEAN, OPMMEAN

b. Dependent Variable: LFPMEAN

4.6.3. Multicollinearity Test

As referred by Brooks (2008), an implicit assumption that is made when using the OLS estimation method is that the explanatory variables are not correlated with one another. If there is no relationship between the explanatory variables, they would be said to be orthogonal to one

another. However, a problem occurs when the explanatory variables are very highly correlated with each other, and this problem is known as multicollinearity.

Malhotra (2007) stated that multicollinearity problems exists when the correlation coefficient among explanatory variables should be greater than 0.75. However, Brooks (2008) mentioned that if the correlation coefficient along with the independent variables is 0.8 and above, multicollinearity problems will exist.

The method used in this study to test the existence of multicollinearity was by checking the Pearson correlation between the independent variables. The correlations between the independent variables are shown in table above. All correlation results are below 0.75, which indicates that multicollinearity is not a problem for this study.

Table 4.47 multicollinearity – statistic test

Independent variables	TMMEAN	INMEAN	OPMMEAN	INFMMEAN
TMMEAN	1			
INMEAN	0.317	1		
OPMMEAN	0.197	0.686	1	
INFMMEAN	0.493	0.56	0.686	1

Source: SPSS output

4.7. Results of Regression Analysis

The first regression analysis was undertaken to investigate the relationship logistics management between independent variable by using simple linear regression model we can explain the extent to which significantly affect by the variable.

Table 4.48 Coefficients report

Model	Independent variables	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	0.092	0.162		0.57	0.57
	TMMEAN	0.171	0.039	0.242	4.416	0
	INMEAN	0.295	0.067	0.284	4.374	0
	OPMMEAN	0.24	0.073	0.25	3.298	0.001
	INFMMEAN	0.334	0.068	0.357	4.919	0

a. Dependent Variable: LFPMEAN

Source: SPSS output

Model Summary^b

Table 4.49 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.903 ^a	0.815	0.806	0.34728	1.869

A. Predictors: (Constant), INFMMEAN, TMMEAN, INMEAN, OPMMEAN

B. Dependent Variable: LFPMEAN

$$\text{LFP} = 0.092 + 0.171\text{TMM} + 0.295\text{INM} + 0.24\text{OPM} + 0.334\text{IFM}$$

The regression Analysis result shows R-squared statistics and adjusted R squared statistics value of 81.5% and 80.6% respectively. The result indicates that the change in the independent variable explain 80.6% of the change in the dependent variable. That is transport management, inventory management, order Process management, information flow management explains 80.6% of logistics management.

Based on the result of Table the coefficient of transport management, inventory management, order Process management and information flow management were 0.171, 0.295, 0.24 and 0.334

respectively. This indicates a positive relationship with lease financing. This reveals that there is a direct relationship between logistic management and lease financing and statistically significant.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

This chapter of the research paper includes summary of the results of the research (findings), conclusion and recommendations.

5.2. Summary of findings

The research examined the influence of logistics management in terms of transport management, which includes fleet management, fleet control system, fuel management system, and preventative maintenance, tracking system, vehicle scheduling, route planning and Vehicle inspection schedule, Inventory management, which includes JIT(just in time) replenishment, automated recording, cycle counting, inventory control EOQ(Economic order quantity), response based replenishment ,fixed-period system and periodic review, order process management ,which includes, use electronic order processing, deliver right quality of products at first order, orders processed on time, use order processing system, achieve timely delivery, ensure internal satisfaction ,ensure zero double payments, use order tracking system and achieve minimum order processing costs and information flow management ,which includes smooth information flow to all logistics functions, practice internal information sharing, invested on information communication systems, achieve accurate demand forecasting, achieve timely respond to customer references, achieve optimal inventory, achieve smooth flow of materials and products use electronic order processing and use electronic customer feedback on capital Goods lease financing to assess the influence of logistics management on capital Goods lease financing performance in case of DBE.

The study revealed the following important findings that were derived from quantitative and qualitative analysis: in line with the objective of this research the effect logistic management on capital goods lease financing in Development bank of Ethiopia, the researcher has adopted questionnaires to gather first hand information from the respondents with heterogeneous age bracket, level education, field of study, and service period. Then, reliability and validity test was conducted in order to check the inconsistency of the data. As the validity was enhanced through discussion of the questionnaire contents all employees worked in Capital Goods Procurement and Supply Directorate and Lease Financing Follow up Directorate of Development Bank of Ethiopia . The reliability was tested through statistical package for social sciences (SPSS) and Cronbach alpha correlation coefficient was used to satisfy the reliability tests. The result shows 0.757 for lease financing performance constructs with a total of 4 items. For transportation management, inventory management, order processing and information flow management constructs Cronbach alpha results were 0.742, 0.878, 0.930 and 0.942 respectively. The study had 104 questionnaires distributed and .From those questionnaires 94 were collected and returned for analysis.

Descriptive statistics revealed that the logistics management is performed moderately though the extent of using transport management has a mean value of 3.6 which is relatively high when compared with other dimensions as inventory management has a mean value of 2.7, order processing management has a mean value of 2.65 and information flow management has a mean value of 2.53. Furthermore, descriptive statistics found out that lease financing performance indicators is above average as competitiveness has a mean value of 3.29, planning has a mean value of 3.06 and tax benefit has a mean value of 2.96 while profitability is a bit lower as it has a mean value of 2.66.

In addition, as regression results show, the significance effects of transport management over lease financing performance with coefficient of 0.171, inventory management 0.295, order processing 0.24 and information flow management 0.334. They are all positively related with all lease financing performance indicators called competitiveness, profitability, planning and tax benefit. Generally, the study affirmed direct impact of logistics management on lease financing performance.

5.3. Conclusion

Based on the findings of the research here is the conclusion the researcher made from the questionnaire based on the hypothesis

The first hypothesis was: Transport management significantly influence lease financing performance. As the output showed hypothesis were right so that researcher concluded the performance of lease financing depends on the performance of transport management.

The second hypothesis was: Inventory management significantly influence lease financing performance. As the findings showed that the hypothesis was right. From these the researcher concluded that the way inventory management performs will directly affects the performance of competitiveness, profit of the bank, planning and tax benefit. The third hypothesis was: Order process management significantly influence lease financing performance. As the findings shows that there is relationship to competitiveness, profit of the bank, planning and tax benefit. From these the researcher concluded that order processing management has contribution in order to enhance the performance of lease financing.

The last hypothesis was: Information flow management significantly influence lease financing performance. As the finding shows that the information management has significant relationship with lease financing performance. From these the researcher concluded that competitiveness, profit, planning as well as tax benefit will rely on the way information flow management.

The study sought to investigate the effect of logistics management on the lease financing performances. Based on the regression method the finding showed that logistic management significantly impact lease financing performance. Therefore, the study confirmed that logistic management has positive effect on lease financing performance of Development bank of Ethiopia.

5.4. Recommendation

The purpose of the study was to examine the effect of logistic management on capital good lease financing performance in terms of competitiveness, profit, better planning and tax benefit on Development bank of Ethiopia through testing the hypotheses. The study established that transport management, inventory management, order process management and information flow management significantly positively predict the performance of lease financing with values of ($r=.444, p=.000$), ($r=0.355, p=.000$), ($r=0.465, p=.000$) and ($r=0.524, p=.000$).

Therefore, the study recommends the bank should incorporate transport management, inventory management, order process management and information flow management within the performance strategies. This will significantly improve their lease performance as established in this study. Based on the findings and conclusions of the study, the researcher forwards the following recommendations to the management of the banks and suggestion for other researchers.

1. The bank should work on the extent of using transport management specifically on fleet management, fleet control, fuel management, preventive maintenance, tracking and route planning as they all have significantly positive relationship affecting lease financing performance. In addition the bank should train the employees regarding to transport management of each activities as the finding shows extreme answers for the extent of using on each activities indicating that there is gap of employee's knowledge.
2. The bank should work on the extent of using inventory management such as JIT, automated recording, cycle counting, EOQ, response-based replenishment, and fixed period system as they have significant positive relationship and highly influencing lease financing performance.
3. The bank should work on the extent of using order processing management such as electronic order processing, delivery right quality products as first order, order process on time, order processing, achieving timely delivery, insure internal satisfaction and ordering tracking.

4. The bank should work on the extent of using on information management of all performance indicators since they do have significant positive relationship on lease financing performance.
5. The study further recommends to invest on information technology infrastructure in order to use automated transport management, inventory management, order processing and smooth information flow management to enhance efficiency and improve overall lease financing performance

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ANNEX 1

Research question

LETTER OF INTRODUCTION

Dear Sir / Madam

I am master's candidate at the Addis Ababa University, School of commerce. As part of my academic program, I am conducting a study on the role of logistics management on capital goods lease financing Performance. The purpose of this study is to contribute towards theoretical and practical improvements on the area. You have been identified as a potential respondent in this research. Please respond to all questions, using your best estimates. Your participation in answering these questions is very much appreciated. Your responses will be COMPLETELY CONFIDENTIAL.

Thank you for your support and cooperation.

Yours Faithfully,

Habtamu Chanyalew

RESEARCH QUESTIONNAIRE

SECTION ONE: GENERAL QUESTIONS

1.1. What position do you hold in the organization?

1.2. Could you please tell us your age category? (Circle your response)

A .21-29 years

B .30-39 years

C .40-49 years

D .50-59 years

E .60 and over

1.3. What is your gender? (Circle your response)

A. Male B. Female

SECTION 2:

2.1 TRANSPORT MANAGEMENT

2.1.1 Among the Transport management systems you use, to what extent do you use it/them?

1 = Not at all 2 = Small Extent, 3 = Moderate Extent 4 = Great Extent, 5 = Very great extent

Inventory Management Systems

Transport Management Systems and Practices

	1	2	3	4	5
Fleet management system					
Fleet control system					
Fuel management system					
Preventive maintenance					
Tracking system					
Vehicle scheduling					
Route planning					
Vehicle inspection schedule					

2.2 INVENTORY MANAGEMENT

2.2.1 Among the inventory management systems you use, to what extent do you use it/them?

1 = Not at all 2 = Small Extent, 3 = Moderate Extent 4 = Great Extent, 5 = Very great extent

Inventory Management Systems

	1	2	3	4	5
JIT (just in time) replenishment					
Automated recording					
Cycle counting					
Inventory control					
EOQ (economic order quantity)					
Response based replenishment					
Fixed-period system					
Periodic review					

2.3 ORDER PROCESSING MANAGEMENT

2.3.1 Indicate your responses to the following statements regarding Order processing management technique in your bank. Tick your choice in the appropriate answer box. 1 = Not at all 2 = Small Extent, 3 = Moderate Extent 4 = Great Extent, 5 = Very great

	1	2	3	4	5
Use electronic order processing					
Deliver right quality of products at first order					
Orders processed on time					
Use order processing system					
Achieve timely delivery					
Ensure internal satisfaction					
Ensure zero double payments					
use order tracking systems					
Achieve minimum order processing costs					

2.4 INFORMATION FLOW MANAGEMENT

2.4.1 Indicate your responses to the following statements regarding logistics information flow management practice in your bank.

Tick your choice in the appropriate answer box. 1 = Not at all 2 = small Extent, 3 = Moderate Extent 4 = Great Extent, 5 = Very great extent

	1	2	3	4	5
Smooth information flow to all logistics functions					
Practice internal information sharing					
Invested on information communication systems					
Achieve accurate demand forecasting					
Achieve timely respond to customer references					
Achieve optimal inventory					
Achieve smooth flow of materials and products					
Use electronic order processing					
Use electronic customer feedback					

Section 3:

3.1 Lease financing performance

3.1.1 Please rate the following lease financing performance indicators based on their role on your bank? (1-very low, 2-low, 3 neutral, 4-high, 5 Very high)

1. Competitiveness []
2. Profit of the bank []
3. Better planning []
4. Tax benefits []

3.1.2 If you have any additional information that you think relevant for the research, please use the space provided

Here under:

[illegible]

Thank you so much for your time and valuable information you provided for the research

ANNEX 2

Development Bank of Ethiopia

Lease Financing Follow-up Directorate

Lease Financing Activities for the Fiscal Years 2015/16, 2016/17, 2017/18 and 2018/19

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Fiscal Year	Application Received		Approval		Disbursement	Collection	Total Outstanding Lease Amount
	NL	Amount	NL	Amount	Amount		
2015/16	197	987,126	18	120,341	2,243	-	2,243
2016/17	1165	8,639,233	502	3,845,131	697,476	2,946	222,692
2017/18	587	4,724,585	428	3,240,209	1,395,217	69,224	1,465,645
2018/19	362	1,810,575	304	1,513,658	1,497,436.69	139,583	2,940,787
Total	2311	16,161,519	1,252	8,719,339	3,592,372	211,753	

Development Bank of Ethiopia
Lease Financing Activities From Inception to March, 2019

S · N	Economic Sector	Application		Approval				Disbursement			Collection		
		NL	Amount	Plan	Actual		Perf · (%)	Plan	Actual	Perf · (%)	Plan	Actual	Perf · (%)
					NL	Amount							
1	Agriculture	342	3,085,555		210	1,758,257			325,664			47,802	
2	Agro-processing	280	2,009,196		196	1,401,024			444,919			34,800	
4	Construction Materials Manufacturing	344	1,686,961		128	752,697			191,095			19,775	
3	Manufacturing	624	4,405,371		365	2,130,882			1,487,763			45,252	
5	Mining & Quarries	521	4,223,287		248	2,222,461			830,935			57,087	
6	Tour operation	51	213,917		38	146,330			30,146			2,452	
7	Agricultural Mechanization	149	537,231		67	307,691			91,381			4,585	
Bulk Purchase									190,469				
	TOTAL	2,311	16,161,519	13,113,259	1,252	8,719,339	66%	10,285,02	3,592,372	35%	1,028,539	211,753	21%

							0						
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Development Bank of Ethiopia						
Lease Financing Activities From Inception to March, 2019						
S. N	Economic Sector	Outstanding Lease Amount				
		NL	Principal	Interest	Total	% Share
1	Agriculture	106	284764	27811.94	312575.9	0.10629
2	Agro-processing	105	424621.2	10707.26	435328.4	0.148031
4	Construction Materials Manufacturing	26	133476.5	3205.177	136681.6	0.046478
3	Manufacturing	150	1041793	36717.56	1078510	0.366742
5	Mining & Quarries	75	833840.9	33392.38	867233.3	0.294898
6	Tour operation	11	26707.41	724.4855	27431.9	0.009328

7	Agricultural Mechanization	18	82299.48	726.249	83025.72	0.028232
Bulk Purchase						
	TOTAL	491	2827502	113285.1	2940787	

Development Bank of Ethiopia

Lease Financing Follow-up Directorate

Annual Lease Financing Report for the period covering from July 01, 2016 - Jun 30, 2017

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Sr.No	District Name	Sector	Application recived		Approval			perf.	Disbursement			perf.
			Actual		Plan	Actual			Plan	Actual		
			NL	Amount		NL	Amount			NL	Amount	
1	Adama	Agriculture	32	261,624	518,743	23	116,162		430,770	16	50,432	
		Agro processing	10	58,154	-	4	53,678		-	-	-	
		Construction	7	35,282	-	3	33,609		-	-	-	
		Manufacturing	63	675,316	-	26	305,536		-	4	35,294	
		Mining & Quarries	15	95,039	-	6	61,309		-	1	1,183	
		Tour & Travel	1	4,204	-	1	6,173		-	-	-	
		Sub Total	128	1,129,619	518,743	63	576,466	111%	430,770	21	86,909	20%
2	Addis Ababa	Agriculture	-	-	1,708,481	-	-		1,418,743	-	-	

		Agro processing	22	158,588	-	10	69,749		-	1	2,299	
		Construction	7	133,877	-	-	-		-	3	15,740	
		Manufacturing	127	1,123,242	-	54	477,507		-	9	23,493	
		Mining & Quarries	31	487,181	-	24	363,012		-	9	111,780	
		Tour & Travel	7	52,964	-	-	-		-	-	-	
		Sub Total	194	1,955,853	1,708,481	88	910,268	53%	1,418,743	22	153,311	11%
3	Bahir Dar	Agriculture	9	28,988	378,740	4	10,587		314,510	4	3,649	
		Agro processing	24	122,256	-	8	27,753		-	-	-	
		Construction	-	-	-	-	-		-	-	-	
		Manufacturing	22	185,867	-	7	34,119		-	1	1,688	
		Mining & Quarries	10	137,543	-	8	96,724		-	3	10,258	
		Tour & Travel	-	-	-	-	-		-	-	-	
		Sub Total	65	474,653	378,740	27	169,184	45%	314,510	8	15,595	5%
4	Butajera	Agriculture	21	83,632	364,116	7	30,625		302,366	7	11,779	
		Agro processing	25	81,038	-	8	26,800		-	-	-	
		Construction	9	39,304	-	4	21,047		-	-	-	

		Manufacturing	18	145,421	-	6	37,168		-	3	15,530	
		Mining & Quarries	10	84,034	-	6	50,093		-	3	7,453	
		Tour & Travel	-	-	-	-	-		-	-	-	
		Sub Total	83	433,429	364,116	31	165,732	46%	302,366	13	34,762	11%
5	Dessie	Agriculture	15	42,418	407,988	12	33,789		338,798	7	13,164	
		Agro processing	15	99,676	-	10	71,594		-	-	-	
		Construction	6	14,605	-	4	37,547		-	-	-	
		Manufacturing	27	192,591	-	15	109,860		-	3	11,680	
		Mining & Quarries	11	115,769	-	5	81,181		-	1	11,148	
		Tour & Travel	7	16,530	-	3	6,004		-	-	-	
		Sub Total	81	481,589	407,988	49	339,974	83%	338,798	11	35,993	11%
6	Dire Dawa	Agriculture	9	44,010	562,615	1	3,051		467,202	1	6,796	
		Agro processing	21	10,235	-	4	18,430		-	-	-	
		Construction	-	86,001	-	-	-		-	-	-	
		Manufacturing	14	296,826	-	1	7,912		-	1	1,296	
		Mining & Quarries	9	65,505	-	1	2,205		-	-	-	
		Tour & Travel	3	-	-	1	24,360		-	-	-	

		Sub Total	56	502,577	562,615	8	55,958	10%	467,202	2	8,092	2%
7	Gondar	Agriculture	9	32,722	320,244	1	3,051		265,934	-	-	
		Agro processing	21	77,037	-	4	18,430		-	-	-	
		Construction	-	-	-	-	-		-	-	-	
		Manufacturing	14	14,193	-	1	7,912		-	-	-	
		Mining & Quarries	9	99,404	-	1	24,360		-	-	-	
		Tour & Travel	3	8,600	-	1	2,205		-	-	-	
		Sub Total	56	231,956	320,244	8	55,958	17%	265,934	-	-	0%
8	Hawassa	Agriculture	26	156,463	728,232	10	35,352		604,732	6	9,820	
		Agro processing	70	389,927	-	40	237,484		-	1	3,180	
		Construction	19	164,840	-	4	30,035		-	-	-	
		Manufacturing	42	248,224	-	20	164,215		-	4	13,333	
		Mining & Quarries	17	180,746	-	13	135,030		-	-	-	
		Tour & Travel	-	-	-	-	-		-	-	-	
		Sub Total	174	1,140,199	728,232	87	602,116	83%	604,732	11	26,333	4%
9	Jimma	Agriculture	16	51,273	484,742	5	14,170		402,536	5	11,641	
		Agro										

		processing	11	35,909	-	1	3,040		-	-	-	
		Construction	1	9,892	-	-	-		-	-	-	
		Manufacturing	9	43,293	-	2	2,915		-	-	-	
		Mining & Quarries	10	104,887	-	1	8,456		-	-	-	
		Tour & Travel	1	5,206	-	-	-		-	-	-	
		Sub Total	48	250,460	484,742	9	28,581	6%	402,536	5	11,641	3%
10	Mekelle	Agriculture	16	62,891	577,239	9	33,641		479,346	7	12,521	
		Agro processing	15	82,409	-	7	35,199		-	-	-	
		Construction	-	-	-	-	-		-	2	3,819	
		Manufacturing	34	140,303	-	14	57,621		-	1	2,230	
		Mining & Quarries	51	608,895	-	29	330,655		-	-	-	
		Tour & Travel	2	6,990	-	2	6,990		-	-	-	
		Sub Total	118	901,487	577,239	61	464,106	80%	479,346	10	18,570	4%
11	Nekemet	Agriculture	64	378,580	470,118	30	133,492		390,392	25	76,834	
		Agro processing	1	4,820	-	-	-		-	-	-	
		Construction	3	38,695	-	1	5,738		-	-	-	
		Manufacturing	4	41,911	-	3	37,532		-	1	5,601	

		Mining & Quarries	14	195,956	-	7	98,657		-	3	8,564	
		Tour & Travel	1	5,022	-	-	-		-	-	-	
		Sub Total	87	664,985	470,118	41	275,419	59%	390,392	29	90,999	23%
12	Wolayita sodo	Agriculture	25	142,534	378,740	11	54,194		314,510	9	27,316	
		Agro processing	15	88,012	-	6	38,286		-	1	820	
		Construction	6	20,820	-	1	1,762		-	-	-	
		Manufacturing	12	80,557	-	4	8,488		-	-	-	
		Mining & Quarries	14	128,580	-	8	98,638		-	-	-	
		Tour & Travel	3	11,922	-		-		-	-	-	
		Sub Total	75	472,424	378,740	30	201,368	53%	314,510	10	28,136	9%
13	Head Office	Bulk purchase		-	-		-		-		187,137	
Grand Total			1,165	8,639,233	6,899,999	502	3,845,131	56%	5,729,839	142	697,476	12%

Development Bank of Ethiopia

Lease Financing Follow-up Directorate

Annual Lease Financing Report for the period covering from July 01, 2016 - Jun 30, 2017

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Sr.No	District Name	Sector	Collection					perf.	Outstanding Lease					
			Plan	Actual					Undue		Due/Arrears		Total	
				NL	Pr.	Int.	Total		NL	Amount	NL	Amount	NL	Amount
1	Adama	Agriculture	43,839	10	146	788	934		18	50,166	3	463	21	50,629
		Agro processing	-		-	-	-		1	1,450		-	1	1,450
		Construction	-		-	-	-			-		-	-	-
		Manufacturing	-	2	-	1,498	1,498		2	28,078		-	2	28,078
		Mining & Quarries	-		-	-	-		1	101		-	1	101
		Tour & Travel	-		-	-	-			-		-	-	-
		Sub Total	43,839	12	146	2,286	2,431	0	22	79,794	3	463	25	80,257
2	Addis Ababa	Agriculture	144,385	-	-	-	-			-		-	-	-
		Agro processing	-	-	-	-	-		-		-	-	-	-
		Construction	-	-	-	-	-		-		-	-	-	-
		Manufacturing	-	2	224	50	274		1	6,349		-	1	6,349
		Mining & Quarries	-	-	-	-	-		2	43,404		-	2	43,404
		Tour & Travel	-	-	-	-	-		-	-		-	-	-
		Sub Total	144,385	2	224	50	274	0	3	49,753	-	-	3	49,753

3	Bahir Dar	Agriculture	32,008	-	-	-	-		1	7,580		-	1	7,580
		Agro processing	-	-	-	-	-		1	2,696		-	1	2,696
		Construction	-	-	-	-	-		-	-		-	-	-
		Manufacturing	-	-	-	-	-		-	-		-	-	-
		Mining & Quarries	-	-	-	-	-		3	7,096		-	3	7,096
		Tour & Travel	-	-	-	-	-		-	-		-	-	-
		Sub Total	32,008	-	-	-	-	-	5	17,371	-	-	5	17,371
4	Butajera	Agriculture	30,772	-	-	-	-			-		-	-	-
		Agro processing	-	-	-	-	-			-		-	-	-
		Construction	-	-	-	-	-			-		-	-	-
		Manufacturing	-	-	-	-	-			-		-	-	-
		Mining & Quarries	-	1	-	91	91			-		-	-	-
		Tour & Travel	-	-	-	-	-			-		-	-	-
		Sub Total	30,772	1	-	91	91	0	-	-	-	-	-	-
5	Dessie	Agriculture	34,479	1	59	76	135		7	12,105		-	7	12,105
		Agro processing	-	-	-	-	-			-		-	-	-
		Construction												

			-	-	-	-	-			-		-	-	-
		Manufacturing	-	-	-	-	-			-		-	-	-
		Mining & Quarries	-	-	-	-	-			-		-	-	-
		Tour & Travel	-	-	-	-	-			-		-	-	-
		Sub Total	34,479	1	-	-	135	0	7	12,105	-	-	7	12,105
6	Dire Dawa	Agriculture	47,547	-	-	-	-		1	5,179	1	1	2	5,180
		Agro processing	-	-	-	-	-			-		-	-	-
		Construction	-	-	-	-	-			-		-	-	-
		Manufacturing	-	-	-	-	-		1	2,224		-	1	2,224
		Mining & Quarries	-	-	-	-	-			-		-	-	-
		Tour & Travel	-	-	-	-	-			-		-	-	-
		Sub Total	47,547	-	-	-	-	-	2	7,403	1	1	3	7,404
7	Gondar	Agriculture	27,064	-	-	-	-			-		-	-	-
		Agro processing	-	-	-	-	-			-		-	-	-
		Construction	-	-	-	-	-			-		-	-	-
		Manufacturing	-	-	-	-	-			-		-	-	-
		Mining & Quarries	-	-	-	-	-			-		-	-	-

		Tour & Travel	-	-	-	-	-			-		-	-	-
		Sub Total	27,064	-	-	-	-	-	-	-	-	-	-	-
8	Hawassa	Agriculture	61,543	-	-	-	-		3	5,840		-	3	5,840
		Agro processing	-	-	-	-	-		3	10,743		-	3	10,743
		Construction	-	-	-	-	-			-		-	-	-
		Manufacturing	-	-	-	-	-			-		-	-	-
		Mining & Quarries	-	-	-	-	-			-		-	-	-
		Tour & Travel	-	-	-	-	-			-		-	-	-
		Sub Total	61,543	-	-	-	-	-	6	16,584	-	-	6	16,584
9	Jimma	Agriculture	40,966	-	-	-	-		2	5,268	2	1,241	4	6,509
		Agro processing	-	-	-	-	-		-	-	-	-	-	-
		Construction	-	-	-	-	-		-	-	-	-	-	-
		Manufacturing	-	-	-	-	-		2	2,593	-	-	2	2,593
		Mining & Quarries	-	-	-	-	-		-	-	-	-	-	-
		Tour & Travel	-	-	-	-	-		-	-	-	-	-	-
		Sub Total	40,966	-	-	-	-	-	4	7,861	2	1,241	6	9,102
10	Mekelle	Agriculture												

			48,783	-	-	-	-			-		-	-	-
		Agro processing	-	-	-	-	-		-	-	-	-	-	-
		Construction	-	-	-	-	-		-	-	-	-	-	-
		Manufacturing	-	-	-	-	-		2	3,997	-	-	2	3,997
		Mining & Quarries	-	-	-	-	-		-	-	-	-	-	-
		Tour & Travel	-	-	-	-	-		-	-	-	-	-	-
		Sub Total	48,783	-	-	-	-	-	2	3,997	-	-	2	3,997
11	Nekemet	Agriculture	39,730	-	-	-	-			-	-	-	-	-
		Agro processing	-	-	-	-	-			-	-	-	-	-
		Construction	-	-	-	-	-			-	-	-	-	-
		Manufacturing	-	-	-	-	-			-	-	-	-	-
		Mining & Quarries	-	-	-	-	-			-	-	-	-	-
		Tour & Travel	-	-	-	-	-			-	-	-	-	-
		Sub Total	39,730	-	-	-	-	-	-	-	-	-	-	-
12	Wolayita sodo	Agriculture	32,008	1	-	150	150		6	26,113	-	-	6	26,113
		Agro processing	-		-	-	-		1	6	-	-	1	6
		Construction	-		-	-	-			-	-	-	-	-

		Manufacturing	-		-	-	-			-		-	-	-
		Mining & Quarries	-		-	-	-			-		-	-	-
		Tour & Travel	-		-	-	-			-		-	-	-
		Sub Total	32,008	1	-	150	150	0	7	26,120	-	-	7	26,120
13	Head Office	Bulk purchase	-		-	-	-			-		-		-
Grand Total			583,124	17	370	2,577	3,081	0.53%	58	220,987	6	1,705	64	222,692

N.B: Actual Disbursement as of June 30, 2017 is 697,475,745.00

However, the following are projects under local & International Procurement process

Local Procurement under progress **25 ETB39,693,374.88**

Under L/C opening process **111 USD38,836,490.27, JPY15,671,000 , GBP378,500 , EUR64,350**

Reappraisal **43 ETB377,091,882.72**

Lease Financing Operation by Sector as of June 30, 2016

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Sr.No	Sector	Application received		Approval			perf.	Disbursement			perf.	Collection				
		Actual		Plan	Actual			Plan	Actual			Plan	Actual			
		NL	Amount		NL	Amount			NL	Amount			NL	Pr.	Int.	Total
1	Agriculture	31	200,786.03		8	19,523.20			1	2,242.73			-	-	-	-
	Agro processing	42	74,074.71		0	-			0	-			-	-	-	-

	Construction	27	180,793.55		2	22,576.24			0	-			-	-	-	-
	Manufacturing	63	268,592.09		5	22,600.19			0	-			-	-	-	-
	Mining & Quarries	28	245,431.74		3	55,641.80			0	-			-	-	-	-
	Tour & Travel	6	17,447.50		0	-			0	-			-	-	-	-
	Total	197	987,125.62	0	18	120,341.43	0	0	1	2,242.73	-	-	-	-	-	-