



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
SCHOOL OF BUSINESS**

**ASSESMENT OF FACTORS ON LOGISTICS PRACTICE
PERFORMANCE: THE CASE OF SOME SELECTED
LOGISTICS SERVICE PROVIDERS'**

**BY
FITSUM MENGESHA**

**JUNE, 2020
ADDIS ABABA, ETHIOPIA**

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PRACTICE PERFORMANCE: THE CASE OF
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FITSUM MENGESHA**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE
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**JUNE, 2020
ADDIS ABABA, ETHIOPIA**

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APPROVED BY BOARD OF EXAMINERS

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STATEMENT OF DECLARATION

I Fitsum Mengesha, hereby declare that the work entitled assessment of factors on logistics practice performance: The case of some selected logistics service providers' is the outcome of my own effort and study and that all sources of materials used for the study have been acknowledged. I have produced it independently except for the guidance and suggestion of my research advisor Misganaw Solomon (PhD). This study has not been submitted for any degree in this university or any other university. It is offered for the partial fulfillment of the award of Master degree in Business Administration.

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June, 2020

ENDORSEMENT

This is to certify that Fitsum Mengesha has carried out this project work on the topic ‘Assessment of factors on Logistics Practice Performance: The case of some selected Logistics Service providers. This work is original and suitable for the submission in partial fulfillment of the award of Master Degree in Business Administration.

Research Advisor

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St. Mary’s University, Addis Ababa

June, 2020

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LISTS OF ACRONYMS

GDP:	Gross Domestic Product
LPI:	Logistics Performance Index
FDI:	Foreign Direct Investment
ERCA:	Ethiopian Customs and Revenues Authority
ESLSE:	Ethiopian Shipping and Logistics Services Enterprise
MTS:	Multimodal Transport System
ASYCUDA:	Automated Systems for Customs Data
EGTE:	Ethiopia Grain Trading Enterprise
AISE:	Agricultural Inputs Supply Enterprise
OSBP:	One-stop Border Post
WCO:	World Customs Organization
AEO:	Authorized Economic Operator
CBM:	Cooperative Border Management
WTO:	World Trade Organization
MAA:	Maritime Affairs Authority
MTO:	Multimodal Transport Operator
NBE:	National Bank of Ethiopia
L/C:	Letter of Credit
CAD:	Cash against Delivery
OECD:	Organization for Economic Cooperation and Development
ICAO:	International Civil Aviation Organization
IMO:	International Maritime Organization
FATF:	Financial Action Task Force
GATS:	General Agreement on Trade in Services
WCO:	World Customs Organization
SPIMS:	Sanitary and Phytosanitary Information Management System
ECMS:	Electronic Customs Management System

IDF:	Import Declaration Form
CEO:	Chief Executive Officer
COO:	Chief Operating Officer

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ABSTRACT

The global logistics industry has grown significantly and logistics has become an important sector of the business economic system and a major global economic activity in recent years. Logistics activities accelerate economic and productivity growth. Efficient logistics is also important to a country's competitiveness and source of employment. Investigating and analyzing factors influencing the logistics process is worth of pondering. Hence, the purpose of this study was assessing factors on logistics practice performance: The case of some selected logistics service providers' in Ethiopia. The assessment of important factors such as custom clearance, congestion at the port, skilled human labor, business environment, regulatory enforcement & regulatory agencies have been considered. The study has incorporated both primary and secondary source of data. The primary data was collected using 5 scale Likert's scale questionnaire. Secondary data was collected using study conducted on logistics sector in our country and internet website. 80 valid responses were collected. The data was analyzed descriptively through the use of Statistical Packages for Social Studies (SPSS) version 20. This assessment tried to look at custom clearance, regulatory agencies, skilled human resource, regulatory enforcement, congestion at the port and business environment are factors which contributes lion share on performance of logistics service providers during the course of performing logistics process activities. Accordingly, lack of integrity with regulatory agencies, prolonged custom clearance process, lengthy of procedures, shortage of skilled human resource, poor performance from major players in the sector and failed to cope with the changing environment of the sector were identified as serious factors which influence logistics service providers' performance on logistical activities. It seems necessary to share experience and adopt modern logistic systems from other similar countries, develop a reliable system for logistics service provider's performance, modern dry port/terminal facilities to match the current demand in line with best practices and integration among key stakeholders.

Key words: Logistics performance, custom clearance, congestion at the port, skilled human labor, business environment, regulatory enforcement, regulatory agencies.

CHAPTER ONE

INTRODUCTION

1.1 Back ground of the study

Ethiopia is a landlocked country located in Eastern Africa bordering the Sudan, Eritrea, Djibouti, Somalia, and Kenya. Efficient trade and logistics are important for attracting foreign direct investment, as they can increase a country's import & export capability. Logistics practice in Ethiopia is characterized by its underdeveloped state (Fekadu, 2013).

Logistics also plays a key role in the economy in that it supports the movement and flow of many economic transactions. It is an important activity with regard to the facilitation of the sale of practically all goods and services. In order to identify with this role of logistics, consider the fact that if goods do not arrive on time, customers cannot buy them. If goods do not arrive in the correct place or condition, no sale can be made. All economic activity throughout the supply chain would suffer if the logistics function failed to fulfill this role. The logistics function therefore plays an important role in a country's Import as well export effort, and particularly in a country such as Ethiopia where government has established an export-led growth strategy.

Logistics is one of the trade facilitating factors in the global trade. It is a multidimensional factor in trade operation focusing on process, skills sets and technologies. Specifically, logistics affects trade performance of a country in terms of cost, time, reliability and predictability and customer services, which further affect overall competitiveness of the export in the international market other things being constant Arvis et.al (2007).

Logistics services have been recognized as the backbone of many sectors. Logistics services encompasses several industries, which include all transportation services, distribution, packaging, and warehousing, among others (Kunaka, et al., 2013). In this highly competitive environment the role logistics are pertinent and among them logistics service providers are great role for the incoming as well as outgoing consignments. Along the supply chain, several

intermediaries, such as truckers, Freight forwarders, are highly engaged in logistics service activities.

Quality logistic services play an important role in facilitating the transportation of international trade in goods; inefficient logistic services impede trade by imposing an extra cost in terms of time as well as money. As nations shift from traditional manufacturing and agriculture and are increasingly engaged in international vertical specialization, the need for efficient logistics services becomes ever more important. High quality logistics services improve the competitiveness of a country's export by reducing the cost involved in transporting goods- especially for countries that are disadvantaged by being far from major markets (Fekadu, 2013).

There are many components of logistics that interact to impact supply chains and ultimately influence trade flows. Transport is the major component of logistics .This includes all modes of transport including road, train and Air transport and adequate infrastructure is required to facilitate transportation. Whether these logistics providers supply their own transportation or whether they rely on transport services provided by third parties, the quality of transport infrastructure is critical.

The World Bank's Logistics Performance Index (2010: III) indicates that 'countries at the same level of per capita income with the best logistics performance experience additional growth of 1% in Gross Domestic Product (GDP) and 2% in trade'. Improving logistics performance has therefore become a major policy objective due to its beneficial impact on the economy. The costs of trade associated with logistics in the global trade accounts for more than 18% of developing countries' GDP, whereas it accounts for 8-10% of developed nations GDP (Arvis et.al, 2010). This implies the costs related to logistics are much higher in developing countries which they have to mitigate with acceptable level to boost the sector competitive.

Hijjar, Gervásio and Figueiredo (2005) analyze the World Class Logistics model, highlighting the fact that a good performance monitoring system is essential to managing logistics activities.

Logistics and supply chain management are areas that have gained recognition as key strategic factors for many companies. Much research is done on various aspects of these areas but little attention is paid specifically on performance evaluation of supply chains (Gunasekaran 2001).

Ethiopia as a developing country recognized the significance of trade Logistics before a decade after experiencing a bottleneck when importing heavy machineries to fulfill the demand of the industry and service sector. Similarly, the export market began to demand instant delivery and cost efficiency. Since Ethiopian economy is largely dependent on exportable agricultural products mainly coffee and oilseeds, logistical efficiency is very crucial. As a result, the Ethiopian government practiced many reforms in response to changes in the economy and makes the logistic activities to be regulated under the Ministry of Transport. Specifically, the country issued proclamations, deregulated the transport sector, merged logistics enterprises, restructured customs Authority and established dry ports which are the major move in the country that gave recognition to trade logistics.

Despite these reforms, we are not performing well in logistical service as per the global standards which hinders in our import and export service. We are unable to meet global standards and as per World Bank LPI (Logistics Performance Index) of 2018 Ethiopia ranked 126 out of 160 countries. As mentioned earlier, the current global trade demands an instantaneous and cost efficient trade logistics. Whether or not a successful logistics–trade cycle is created will however ultimately depend upon the extent and pace of government measures to liberalize the supply of logistics (De Sousa & Findlay, 2007), including appropriate infrastructure investments. (World Bank, 2010)

There are efforts to be made so far but not enough to make the logistics sector to the expected level were the global standards demand. Whether we like it or not we will be forced to implement the guidelines and prerequisite to attain our accession to WTO membership to come true.

A number of recent reports have drawn attention to the trade logistics sector in Ethiopia as being a critical constraint to current trade flows and a bottleneck to further economic growth and development (Government of Ethiopia 2016; Nathan Associates 2014; World Bank 2014; African Development Bank, 2015).

There is poor integration among concerned stakeholders to have fast mobilization of import as well as export shipment process and the lengthy nature of paper intensive process make the logistics sector beyond the expected standards than anticipated.

This study could be considered as an initiative in that direction to identify main logistics service performance impediments.

1.2 Statement of the problem

Ethiopia as developing country needs to exploit the opportunities of globalization. Since trade and FDI are the key channels for the international diffusion of knowledge, poor logistics may impede access to new technology and know-how, therefore slowing the rate of productivity growth. Conversely, increased trade creates demand for good logistics, putting pressure on facilitating reforms and sustaining a market for modern services (Arvis et.al, 2012). Trade cost of Ethiopia is labeled very high as compared to even countries with similar economic development (Bekele R. Kebede, 2015).

According to the World Bank's Logistics Performance Index (LPI) (2018) which measures trade logistics efficiency, Ethiopia was ranked 126 out of 160 countries and all scores are below the averages of the Sub-Saharan Africa region. A recent World Bank study states that Ethiopia's key logistics bottlenecks are related to complex border clearance and inland transportation. For instance, inspection is frequent and highly susceptible to rent seeking, which is handled by more than one agency that causes delays. According to the World Bank the international score uses six key dimensions to benchmark countries' performance and also displays the derived overall LPI index. The scorecard allows comparisons with the world (with the option to display world's best performer) and with the region or income group (with the option to display the region's or income group's best performer) on the six indicators and the overall LPI index.

Major stakeholders of the sector such as the Ethiopian Customs and Revenues Authority (ERCA) and the Ethiopian Shipping and Logistics Services Enterprise (ESLSE) have been exerting efforts to improve their performance. Especially the newly implemented changes at

ERCA and the recent introduction of the Multimodal Transport System (MTS) by ESLSE are some of the new developments amidst for the changes expected.

Products sold and purchased from abroad have to go through customs and other concerned parties to give permit and check the quality of the item against standards set. There is involvement of a complicated and paper intensive process which has great contribution in delaying the release of goods imported & exported. There is no standard operating procedure among major regulatory agencies which delayed the custom clearance process and there is no uniformity of permit in different station of customs across country. The government of Ethiopia has an effort to make simplified logistical activities for major players especially ERCA (Ethiopian Revenues & Customs Authority) but it does not encompass the rest of major players in the sector. Among the major logistics facilitators which comprise Customs Authority, Freight Forwarders, Transportation and Warehousing, this study emphasized on logistics service providers mainly Freight Forwarder to look into the gaps in handling country import and export logistics process.

In a nutshell there is much room for improvement which this study tried to give area of improvements and give possible recommendation to transform the sector so as to fit on global standards.

1.3 Basic Research Questions

The study attempted to answer the following key research questions:

- How do logistics performance practice look like in logistics service providers' in Ethiopia?
- What are the challenges facing logistics performance in logistics service providers' in Ethiopia?
- What are the major factors affecting the logistics practice performance in Ethiopia?

1.4 Objective of the Study

1.4.1 General Objective

The main objective of this work is to analyze factors influencing the logistics process in Ethiopia.

1.4.2 Specific Objective

In alignment with the main objective, this study tried to address the following specific objectives to:

1. Assess Logistics performance practice in logistics service providers'
2. Identify major challenges that affect the efficiency of logistics service providers
3. Examine major factors on logistics practice performance

1.5 Significance of the Study

The study has a great significance for logistics service providers, policy makers and investors. The Logistics service providers firms will be benefited since the outcome of the study helps them to easily understand the gap on their logistics practices and take corrective actions that can enhance their capacity to compete with best logistics service providers in the regions of Africa as well at large in the World. It will also help these firms to identify, evaluate and monitor the key areas which can help them to maintain their pace and speed of their logistics success. The government policy makers will benefit also from the outcome since it will assist them in examining the current policies towards the logistic sectors and improve them accordingly. The findings of this study can also provide prospective investors with a realistic idea and informational base of what to expect when operating in the logistic sector of Ethiopia. Additionally, this study will serve as a point of departure for further research by academicians.

1.6 Scope of the study

The research tried to see the challenges and constraints of factors which has influence on logistic service providers and how it affects the countries competitiveness in the world market. There are around seven best logistics service providers in Ethiopia in terms of capacity of handling import as well export shipment frequently as well as their integration with multinational logistics giants via deregulation for multinational firms to engage in the sector. Among this I have selected five, they have selected since they involve in the practice of the main logistics activities that the study frame work is organized and their great interactions on logistics overseas. In addition to this they are direct beneficiaries of the outcome of this research. Even though there is great potential on logistics service providers that are involved on domestic market only with limited practice and skilled human labor in improving the sector performance and within the country. This study does not focus on these small scale logistics firms. The logistics process and factors affecting this sector are studied based on best practice and recent trends in logistics taking the six main core areas which needs to be focused as a conceptual frame work.

1.7 Limitation of the Study

Since the research is focused on the selected frame work of logistics activities it is difficult to generalize the finding of the study to all other logistics activities that are described by different researchers and authors. So to improve generalizability the study can be replicated for other logistics activities.

1.8 Organization of the study

The report is organized into five chapters. Chapter one were the introductory chapter that covers the background of the study, a statement of the problem, research questions and objectives of the study, significance, scope of the study and organization of the study. The second chapter presents the review of theories and literatures on the factors of influencing logistics process. Research methodology of the study presented in the third chapter, and it includes study area, research design, and the population of the study, sampling techniques, and data collection

procedures and data analysis approach. Chapter four presents the data presentation and data analysis of the study. It includes data analysis and reliability analysis, and follows with demographic evaluation of education, occupation of the respondents, years stayed in the organization & Department/Work units and descriptive analysis. Chapter five finally presents the findings, conclusions, and recommendations of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This part of the study address relevant conceptual issues, theoretical framework and empirical review related to the topic of the study. It includes definition and concept such as logistics management, and measuring logistics and organizational performance by focusing on previous research in this area and present reviewed literature relevant to this study.

2.1 Definition of Logistics

Logistics is defined in the Council of Supply Chain Management Professionals' Supply Chain Management Terms and Glossary (2010, 114) as “The process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods including services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements.”

Logistics is one of the trade facilitating factors in the global trade. It is a multidimensional factor in trade operation focusing on process, skills sets and technologies. Specifically, logistics affects trade performance of a country in terms of cost, time, reliability and predictability and customer services, which further affect overall competitiveness of the export in the international market other things being constant (Arvis et.al 2007:46).

Logistic is a supply chain activity that has great impact on competitive advantage of Business Company. Therefore it is important to have effective and efficient logistics performance to be successful in business (McGrath, 1992).

Logistics can also be defined as the process of strategically managing the procurement, movement and storage of materials, parts and finished inventory through the organization and its marketing channels in such a way that current and future profitability are maximized through the cost effective fulfillment of orders (Christopher, 2005).

“Logistics' role is to provide time and place utilities. Time and place utilities facilitate the creation of global scale and scope economies while enhancing a firm's ability to provide high

levels of seamless customer satisfaction” (Donald, David, & M., 2002). Donald, said that logistics is, in contrast to supply chain management, the work required to move and position inventory throughout a supply chain. As such, logistics is under umbrella of supply chain. It is the process that creates value by timing and positioning inventory; it is the combination of a firm's order management, inventory, transportation, warehousing, materials handling, and packaging as integrated throughout a facility network. Integrated logistics serves to link and synchronize the overall supply chain as a continuous process and is essential for effective supply chain connectivity. While the purpose of logistical work has remained essentially the same over the decades, the way the work is performed continues to radically change (Ensermu, 2015).

In literature and articles the word logistics (management) and supply chain management are sometimes used interchangeably. This can cause confusion. Therefore how CSCMP (2006) defines supply chain management is mentioned below.

Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, supply chain management integrates supply and demand management within and across companies. Supply Chain Management is an integrating function with primary responsibility for linking major business functions and business processes within and across companies into a cohesive and high-performing business model. It includes all of the logistics management activities noted above, as well as manufacturing operations, and it drives coordination of processes and activities with and across marketing, sales, product design, and finance and information technology. (CSCMP Supply Chain and Logistics – Terms and Glossary, 2006).

From the definitions of logistics and supply chain management it is clear that the two concepts have much in common. Lambert & Stock (2001) argue that supply chain management can be seen as the logistics outside the firm, including customers and suppliers. This implies that

logistics always has a supply chain orientation, including areas such as materials management and information flows across the supply chain.

2.2 Concept of Logistics

Logistics is happening around the globe 24 hours a day's Seven days a week during fifty-two weeks a year. Few areas of trade involve the complexity or span the geography ordinary of logistics. Logistics is concerned with getting products and services where they are required at whenever they are desired. Most consumers take a tall level of logistical competency for granted. When they go to store, they expect products to be accessible and new. It is rather difficult to visualize any marketing or manufacturing without logistical support. Logistics has been performed since the beginning of civilization: it's hardly new. However implementing best practice of logistics has become one of the most exciting and challenging operational areas of business and public sector management (Rai Technology University, 2017).

2.3 Measurement of Logistics Performance Index

Benchmarks perceptions of Ethiopia's logistics performance using the Logistics Performance Index (LPI). Ethiopia's logistics sector appears to be considerably behind those of land-locked countries in Africa, such as Uganda & Rwanda. The international score uses six key dimensions to benchmark countries' performance and also displays the derived overall LPI index. The scorecard allows comparisons with the world (with the option to display world's best performer) and with the region or income group (with the option to display the region's or income group's best performer) on the six indicators and the overall LPI index.

The logistics performance (LPI) is the weighted average of the country scores on the six key dimensions:

1. Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs;
2. Quality of trade and transport related infrastructure (e.g., ports, railroads, roads, information technology);

3. Ease of arranging competitively priced shipments;
4. Competence and quality of logistics services (e.g., transport operators, customs brokers);
5. Ability to track and trace consignments;
6. Timeliness of shipments in reaching destination within the scheduled or expected delivery time.

The scorecards demonstrates comparative performance of all countries (world), regional and income groups. (World Bank, 2018)

<https://lpi.worldbank.org/international/global/2016?sort=asc&order=Country#datatable>

Country	LPI rank	LPI Score	custom	infrastructure	International Shipments	Logistics competence	Tracking & Trace	Timeliness
Kenya	42	3.33	3.17	3.21	3.24	3.24	3.42	3.70
Uganda	58	3.04	2.97	2.74	2.88	2.93	3.01	3.70
Rwanda	62	2.99	2.93	2.62	3.05	2.87	3.04	3.35
Burundi	107	2.51	2.02	1.98	2.42	2.46	2.68	3.45
Ethiopia	126	2.38	2.60	2.12	2.56	2.37	2.18	2.37
Djibouti	134	2.32	2.37	2.30	2.48	1.96	2.09	2.69

Table 1.1: 2018 LPI Comparisons for East Africa (Source World Bank)

2.3.1 Factors affecting logistics Performance

2.3.1.1 Coordination failures undermine the efficiency of the trade logistics chain.

The main challenges are (a) continued reliance on paper documents, fax, and emails in the exchange of official information between government agencies and the private sector, which is slow, unpredictable, and prone to errors and omissions; (b) lack of real-time cargo tracking along the logistics supply chain; (c) inefficient in-house business processing of information, which delays decision making and release of information/decisions; and (d) the lack of modern

port management systems in the dry ports, including Modjo. Information and communication technology (ICT) solutions to these problems, which are widely used and seen as the backbone of logistics in other countries, have yet to be broadly implemented. There has been some progress in customs automation and modernization, including the upgrading of Automated Systems for Customs Data (ASYCUDA), and a government directive requiring the installation of global positioning system in the trucking fleet. However, there is no integrated approach to ICT in logistics across stakeholders. (IDA, 2017)

2.3.1.2 Djibouti Port

Within the Port of Djibouti there are three main areas where Ethiopian trade is handled, at the Doraleh Container Terminal, which handles most of the containerized traffic; at the general cargo area, which handles mostly break-bulk but also some containerized traffic; and at the bulk terminal, which handles bulk imports mostly of fertilizer, grains, and coal. The terminal also handles livestock exports. Many of the problems currently faced are with break-bulk and bulk imports. There are large volumes of imports in the port, awaiting removal. The delays in removal of traffic are affecting port operations leading to vessels being delayed at the out anchor as they are not able to dock. As a result, in effect, vessels are being used as (very high cost) temporary storage facilities. The delays in the port contribute to Ethiopia's high logistics costs for bulk imports, especially grains and fertilizers, and also have some direct financial impacts on enterprises such as Ethiopian Shipping and Logistics Service Enterprise (ESLSE), Ethiopia Grain Trading Enterprise (EGTE), and Agricultural Inputs Supply Enterprise (AISE) that are responsible for most of the demand for vessels.

The congestion in the bulk terminal is the result of three interrelated factors:

1. Lack of coordination leading to overlap in the arrival of ships carrying grain and fertilizer at the Port of Djibouti.
2. The insufficient unloading capacity of the terminal, which is exacerbated by the bagging of grain and fertilizer directly from the ship for loading onto trucks.

3. The practice of direct delivery, which means that the speed of unloading is limited by the availability of trucks, which is governed by the cycle time to deliver to warehouses in Ethiopia. In practice, a shortage of trucks is a key constraint. A new bulk terminal is due to open in the Port of Djibouti in 2017. This will help address some of the factors behind current delays in the port for bulk imports—but not all. The new terminal will have greater depth and more storage, but issues such as the scheduling of bulk deliveries and the size, quality, and organization of the truck fleet and storage facilities in Ethiopia, which are all factors that can be influenced by policy in Ethiopia, will continue to limit efficient unloading. To resolve this problem requires greater coordination and the restructuring of the logistics chain. For example, ship turnaround time, handling costs, and transport costs (especially with the railway) will be reduced by delaying bagging until final delivery. This requires significant investments in bulk storage and handling at key locations in Ethiopia. (IDA, 2017)

2.3.1.3 The Border Crossings at Galafi and Dewele

The Galafi border post is the main crossing point on the corridor to Djibouti. The Ethiopian and Djiboutian border management agencies have separate offices and facilities. For imported goods, crossing over from Djibouti to Ethiopia entails exit border formalities at the Djibouti border post followed by entry border formalities at the Ethiopian border post. Trucks usually have to join the queue to reach the Djibouti border post, followed by crossing the no-man's land, and then joining another queue to reach the Ethiopian border post. The entire border crossing takes half a day, which is a major disruption for a three-day journey. The working time of the Djibouti border post is limited to day time because there is no electricity, which prevents the use of information technology (IT) processing systems.

The Galafi border post plays an important role for exports as goods and transit papers are checked on exit and additional papers are generated. Delays at the border raise costs. For example, it is estimated that an idle truck incurs costs of US\$350 per day in East Africa. While clearance of goods at the border post can be improved through reforms to processes and procedures, the facilities at the border post are limited and in need of improvement. The

Governments of Ethiopia and Djibouti have expressed an intention to improve the border posts using the concept of a one-stop border post (OSBP) with a single shared facility.

However, a detailed feasibility assessment is needed to determine if a new OSBP facility is needed or whether it is border management improvements that are required. Currently, almost all the road traffic along the corridor is processed through Galafi. However, investments in the road network mean that in the next few years, the shorter route to Djibouti from Addis Ababa via Dire Dawa will become much more intensively used. This will put much more emphasis on the capacity and efficiency of the border post at Dewele. (IDA, 2017)

2.3.1.4 Inland Handling and Clearance Facilities

Key nodes within the logistics chain in Ethiopia are the dry ports, which have been developed in conjunction with the multimodal system. The Modjo Dry Port, close to Addis Ababa, is the largest among them, taking the majority of Ethiopia's inbound containers, and has been operational for more than three years. In addition to dry ports, there are also container freight stations (CFSs) for receiving both inbound and more importantly outbound container shipments. Modjo is, for all intents and purposes, an inbound container handling facility only. There are no unimodal activities taking place at Modjo of either import or export traffic. This is because unimodal imports are processed and released in Comet Dry Port or at the customers premises, while unimodal exports are loaded onto trucks at the customer's warehouse or plant and transported as breakbulk in transit to the Port of Djibouti for container stuffing, border clearance, and loading onto vessels for export. A large proportion of Ethiopia's containerized exports are stuffed in Djibouti, contributing to empty running and inefficiencies in the system. (IDA, 2017)

Despite extensive mechanization and automation, logistics remains a people business. Logistics at an operational level is labor intensive, with many blue-collar workers (such as truck drivers and warehouse operators) and administrative clerks. The quality, training, and retention of these employees is a major factor in logistics performance. Lower-quality service hurts production and international trade. Yet human resources, often overlooked or taken for granted, depend not

only on the policies of companies but also on national initiatives to educate and train people for logistics occupations.

In 2017, the World Bank and the Kühne Logistics University published a report on skills, competencies, and training in the logistics sector. It highlighted a general perception that qualified logistics-related labor is in short supply at all levels in both developed and developing countries, suggesting that the problem is likely to remain or worsen over the next five years. Respondents in developing countries see the most severe skill shortage at the managerial level—for example, in filling senior supply chain management positions. In developed countries, the most severe shortage is for a qualified blue-collar workforce, such as truck drivers.

Reasons for the shortages include the low prestige and status of operational logistics workers. The sector offers comparatively low salaries, leading to an inferior position in the war for talent. Many developing countries, even if they suffer from high unemployment, have a limited supply of skilled labor. Logistics developments, particularly in information technology, demand new competencies that the workforce does not possess.

Developing countries lag behind developed ones in training budgets, course content, and the quality of the educational experience and training provider. Vocational schools for logistics jobs are lacking. And training—if there is any—is limited to short term, on-the-job instruction by colleagues during daily operations. This failure disproportionately affects the young, an untapped reservoir of apprentices. National governments and international agencies have traditionally paid more attention to infrastructure and trade facilitation than to fostering quality services and a skilled workforce. Employees are hired by private companies, and their training is largely a private responsibility. But governments play an important role directly by regulating or providing training— and indirectly by facilitating private initiatives.

Developing countries need a major expansion of logistics training and skill development initiatives. Public interventions promoting logistics competence include the following: (World Bank, 2018)

- Education and training by public institutions, or financial support to training.
- Education policy and curricula development.
- Advocacy, public–private dialogue, and multi-stakeholder collaboration. Regulation of freight and logistics services, including customs brokerage and trucking.
- Setting and harmonizing competency standards for different jobs.
- Raising skill levels in state-owned logistics enterprises (typically ports and railways).
- Investing in human capital as a component of the development of logistics and freight infrastructure.

2.4 Logistics Services in Ethiopian Context

Ethiopia has three types of freight-forwarding service providers namely a) Forwarding and shipping agency service providers, b) Forwarding service providers and c) Customs clearing agents. Foreign participation in the sector is not permitted under the investment law. Forwarding and shipping agency service providers. The state-owned Ethiopian Shipping and Logistics Services Enterprise (ESLSE) provides freight forwarding and clearing, shipping, as well as trucking and stevedoring services. ESLSE provides Multi-modal and Uni-modal transport operations. About 8% of these services are provided by the private sector. Forwarding service providers represent 17% of the service providers and the majority lacks strong financial bases and faces some problems in management and organization. Customs clearing agents consists of informal operators and represent about 75% of the services providers and focus on individual consignments in which they provide cheaper services based on personal contacts. The majority lacks strong financial backing, management and organization. (UNDP, 2017)

2.4.1 Regulatory Enforcement

The Ethiopian Revenue and Customs Authority (ERCA) is implementing a variety of tools recommended by the World Customs Organization (WCO) to make it more efficient. These include risk management, an AEO program, a new valuation system, electronic seals and tracking devices, scanners and so forth. It is critical that they are instituted well and that unnecessary redundancy of controls is eliminated. For example, ERCA is developing a risk management program that seeks to do risk profiles based not only on customs experience with the company, but drawn on experiences throughout ERCA, which is a very positive step.

Nevertheless at this point, while elaborate monitoring systems are being constructed, most cargo is still going through physical examination. While customs is starting an AEO program, identified AEO companies are still queuing with other trucks, rather than being fast tracked through a lane bypassing the inspection area. The AEO right to use a secure transit lane and minimal inspections is controlled by periodic verifications and submission to a post-clearance audit. Good practice in customs agencies is establishing compliance programs in which compliant companies are given certain benefits for their compliance and the customs agency is able to focus on those companies that have a record of non-compliance. The need for more reliable connectivity is clearly demonstrated in customs.

There is an agreement between Ethiopian and Djiboutian customs for a special regime that will facilitate the movement of cargo at the Port, in transit on the Ethio-Djibouti Corridor and at the border posts. Yet much of it is not being implemented because the connectivity necessary for implementation is not in place. In addition to the improvements being sought in customs, it is essential that all border control agencies improve their clearances. It will not help for Customs to improve its time, if agriculture or veterinary services delay cargo. Addressing the inefficiency in coordination among agencies, is called Cooperative Border Management (CBM) or IBM. It will be a critical component of future improvements. The study also highlights the requirements for business and transport licenses as modified recently. A one stop shop for inputs should be designed. (UNDP, 2017)

2.4.2 Legal Framework

Ethiopia's trade logistics supply chain is affected by a number of policies, regulations, and administrative hurdles that considerably undermine efficiency and competitiveness. Firms experience numerous challenges at various stages of the import/export process:

- a) Documentation and approval processes are complicated. Importers and exporters in Ethiopia are required to submit numerous documents to multiple agencies as part of the import/export clearance processes. Traders spend a considerable amount of time obtaining these mandatory documents issued by the different government agencies and banks. The manual and lengthy nature of these procedures at these agencies and the lack

of coordination among them (no data sharing) require the trader to submit several copies of the same documents to several agencies. Part of the reason for a cumbersome documentation process is a complicated approval system in Ethiopia. The Government has begun an effort to streamline, simplify, and automate this process by introducing an electronic single-window system to cover all regulatory procedures related to trade clearance.

- b) Foreign exchange and related regulations require a permit for all imports, and the limits on methods of payment for most transactions (letters of credit and cash against document) have impacts on the logistics system.
- c) There are restrictions on competition such that the provision of services in the road transport sector, packaging, warehousing, freight forwarding, and other logistics are areas of investment exclusively reserved for Ethiopian nationals. This together with the monopoly on multimodal shipments for ESLSE has proved to be an impediment for provision of efficient logistics services and establishment of logistic hubs that meet international standards.

The Customs Transit Protocol Agreement with Djibouti establishes freedom of transit for movement of goods between Ethiopia and Djibouti, it was signed in 2008 and is valid for 20 years.

Shortcomings of this transit framework include:

- Current regulation does not authorize electronic processing. A draft e-commerce law was recently proffered to the Council of Ministers. The law should include provisions on recognizing electronic data on shipments
- The valuation system conflicts with the valuation methods stipulated in customs proclamation 622/2009, which provides detailed rules and procedures on determining customs value—methods of the WTO Agreement on Customs Valuation. Invoice values should be rejected only when there is doubt as to their genuineness.
- Businesses stated that the appeals process is unsatisfactory. Importers must pay the assessed duties and taxes before lodging their complaint and wait for a review.

- Importers and freight forwarders have raised issues with the inability or unwillingness of customs staff to make decisions that fall within their duties.
- Deferred payment privileges, part of the authorized economic operator program, are not offered because they are not authorized in customs regulations, which need to be amended to realize full benefits from the program.
- Bonded warehouses are not yet permitted for freight forwarders. A regulation allowing this is waiting to be ratified. There is draft policy for railway in the Draft Transport policy from MT referred to earlier. The absence in the Draft Policy of any mention of possible new railway operators or possible use by other operators of the railway infrastructure being constructed is a possible gap that needs to be reviewed. The legal framework for railways can of course be amended, but the better view is to provide for at least a regulatory power to deal with third-party involvement in the future. (UNDP, 2017)

Governments in developing countries depend heavily on trade to generate hard currency, and finance their investments on infrastructure and production sectors. As a result, they have been increasingly focusing on the competitiveness of their exports and reducing the cost of imports. Most countries have concentrated on infrastructure investments as the key to resolving all the problems. Capacity constraints are indeed a very visible consequence that most people understand. Governments have been working on specific elements on the supply chain for some time, they understand them well and are run relatively efficiently. These elements correspond to different transport modes, customs, warehouses, markets, and banking agencies. Unfortunately, while focusing on discharging their specific responsibilities to the best of the abilities, individual agencies fail to grasp how their operations impact the national supply chains.

What for an individual agency might be a negligible inefficiency, can be critical to the entire supply chain. By delaying the release of the cargo, or choosing an inefficient discharge method, the systemic impact on the network increases exponentially as such delays were not considered in the independent facility design used by each of the agencies involved. Each agency designs specific links and nodes of the logistics chain individually and independently from the rest of the chains. Logistics therefore is seen by many countries as a way to coordinate, jointly plan, regulate and operate the entire logistics chain which encompasses previously disconnected

elements into a smooth and efficient Process. Hence, their interest in the creation of National Logistics Plans and Strategies. In Ethiopia, the agency designated to coordinate the logistics activities along the international trade corridors and the access to domestic markets and production areas is the Maritime Affairs Authority (MAA). (UNDP, 2017)

2.4.3 Multimodal and Unimodal

There are two forms of transport along the Ethio-Djibouti corridor, namely unimodal transport and multimodal Transport (MMT). The terminologies are used in the context of contract of carriage expressed through the bill of lading and not the methods of transport.

Therefore ‘multimodal’ refers to the shipment carried under an MMT bill of lading issued by an accredited Multimodal Transport Operator, often the shipping line, which assumes the liability for the shipment. In contrast, ‘unimodal’ refers to the shipment carried under separate contracts of carriage performed by different carriers on different segments of the transport journey. This entails segmented bills of lading, one for ocean carriage and another for land transport. Liability for the cargo is transferred from one carrier to the next after each segment of the journey is completed. In practice, the multimodal system is used solely for the import of containerized cargo and cars and requires shipments to be cleared at the dry ports in Ethiopia.

To a large extent, the use of the multimodal system has contributed to faster removal of goods from the Port of Djibouti, alleviating congestion in the container terminal. Before the introduction of the MMT bill of lading the average dwell time of a container at Djibouti was more than 45 days. The MMT bill of lading makes it possible to pass through Djibouti under customs seal and transit without the need for customs clearance. The unimodal system is used for other imports, mainly bulk and breakbulk, and the export of all types of cargo. Imported goods are cleared by customs in Djibouti. Most importers of containers use the multimodal system because this offers the advantages of lower storage charges and deferment of payment of duties.

The multimodal system was designed by ESLSE to address the long dwell times at the port of Djibouti and high demurrage costs incurred from the delays (in hard U.S. dollars currency). The concept was to use a through bill of lading so that containers were moved rapidly through the port of Djibouti to a dry port in Ethiopia where clearance would be conducted. Once the clearance process is completed, the Association of Djiboutian Transitaires (ATD) assigns trucks waiting on a dedicated parking lot by the Doraleh Container terminal. This process was not very transparent or efficient and the Multi-modal office of ESLSE took over the truck assignment process. Given the lack of a cargo assignment system, most trucking companies prefer to wait in Djibouti for cargo. This prevents the possibility of contracting round trips which would eliminate some of the empty Back-haul trips.

The transport rates are fixed and based only on the distance traveled without regard to topography, road condition or the possibility of finding return cargo which affect the costs and profit of the associated trip for the trucking companies. There is no system designed to rationalize the handling of the empty containers at the dry ports, making it difficult for exporters to find an empty container from their shipping line and therefore returning all the containers empty at a higher cost. In the unimodal system, Ethiopian documentation is completed and duties collected while the goods are at the port. The goods travel in transit to the destination for final clearance and final release. The unimodal system generally handles bulk, palletized cargo in boxes, break-bulk, project cargo, and containers. Some shippers use the unimodal system because it delivers directly to the destination. The ESLSE unimodal system also handles exports of coffee, sesame, pulses, textiles, spices, and processed foods. (UNCTAD, 2017)

2.4.4 Dry port Operations: Modjo and Kality

The containers with imported cargo to Addis Ababa are inspected by customs and other agencies at Modjo Dry port if traveling under the multimodal system (72% of total multimodal imports) and at Kality Dry port if traveling under the unimodal system (70% of total unimodal imports). Modjo is the major bottleneck in the supply chains serving imports of containerized cargo. It introduces long delays, significant uncertainties and unnecessary costs due to the confluence of:

- Underinvestment in facilities and equipment
- Poor operational procedures and control
- Insufficient yard management systems
- Cumbersome customs procedures and
- Failure to relocate abandoned and long term boxes

ESLSE has already tackled some of these issues but it remains to be seen if those activities produce the desired results. The major cause of delays is the presence of two types of users at the Dry Port. Those whose interest is in having their cargo released as soon as possible and those (traders) who want to store their cargo cheaply at the dry port while they search for customers. The average dwell time of 44 days masks the fact that some are cleared in 3 to 5 days, while others are held for over 140 days (and perhaps should be considered abandoned at that time). These long held containers take up space at the container yard, increase the number of containers per stack, and increase the number of moves to get to a container. (UNCTAD, 2017)

2.4.5 Transportation Logistics Policy

There is no stated transportation logistics policy document as such, either for the sector as a whole or for the individual sectors. However, there are written indications of policy with regard to these topics and to each mode of transport. These are found in the various proclamations relating to the different modes of transportation and the regulatory authorities mandated with their oversight. Each such proclamation contains a preamble, which generally sets out the reasons for its enactment and a provision setting out the stated objectives of the legislation.

The preamble and stated objectives are, at the least, indications of the government policies leading to the enactment of these pieces of legislation and will be discussed below as part of the discussion on applicable law and policy relating to the applicable institutions and modes of transport. The Ministry of Transport is also preparing a draft transportation policy. The draft policy proposes to consolidate transport institutions and four existing and proposed regulatory agencies but there is no specific rail regulator, and one is needed.

The Maritime Sector Administration Proclamation 549/2007 established the Maritime Affairs Authority as separate public authority having its own juridical personality. The draft policy states that with regard to maritime and multimodal transport, MAA should, among others:

- Implement the ongoing restructuring of the Ethiopian Shipping and Logistics Enterprise
 - Promote efficient, reliable and internationally competitive multimodal transport
 - Ensure cost-effective and efficient transit and logistics operations
 - Attain full compliance with international maritime safety and security standards
 - Ensure safety and security of corridors and sea transport services
 - Encourage private sector participation in the shipping industry
 - Promote the development of a training center for intermodal transport, forwarding and transit services and integrated logistics operations and provide certificate of competency
 - Introduce effective use of information and communications technology in the corridor and maritime sector
- The objectives for the MAA are clearly set out in Proclamation 549/2007:
- Improve and expand the maritime sector in an organized manner to provide an enhanced and smooth service
 - Use modern means and techniques to administer dry ports, marine transport, and multimodal transport services and regulate vessels and marine transport and other maritime services, and make use of inland waterways for transportation,
 - Reduce transit time of import and export of goods and coordinate the concerned government bodies to care for goods at port
 - Establish a government body reporting directly to Ministry of Transport to
 - Assume maritime-related duties currently carried out by various government bodies and responsible for analysis and work out maritime issues
 - Follow up and execute obligations and rights of the country under international maritime convention
- MAA has the following powers and duties relating to multimodal and logistic activities, among others:
- Supervise, coordinate, and render timely solutions to problems arising in the course of operations
 - Coordinate government bodies' efforts to minimize the transit time of imports and exports

- Develop the construction and expansion of service of dry ports, develop skills in negotiation of cost of transit, shipping of goods, and other freight services in the course of import and export operation
- Issue licenses and supervise bodies and persons engaged in sea and inland waterways transportation services Inspect, license, and regulate all dry port and vessel services and facilities, the services at custom check points
- Issue licenses to persons desiring to engage in multimodal transport business, renew such licenses, and supervise their operation
- Regulate and supervise dry ports, freight forwarders, shipping agents, and customs clearance; issue detailed directives; coordinate their tasks; and improve their capacity
- Regulate conditions under which passengers, goods, and mail may be transported in vessels
- Negotiate with the approval of the ministry, international and maritime transit services, issue implementation regulations and follow up their executions

The MAA has no legislative power to enact primary or subordinate legislation or issue binding directives; it drafts regulations and the minister submits them to the Council of Ministers and drafts directives for issuance by the minister. Two powers are seemingly given directly to the MAA to issue its own regulations and directives in articles 6(8) and 6(9). Article 6(8) gives the power to the MAA to regulate and supervise dry ports, freight forwarders, ship agents, and the operation of customs clearing, issue detailed directives, coordinate their tasks, and improve their capacity. Article 6(9) gives the MAA the power to negotiate international maritime and transit services, issue implementation regulations, and follow up their execution. MAA has also powers to issue multimodal transport operator (MTO) licenses.

At the initiation of MAA, the Ministry of Transport issued four directives in February 2013 governing export and import transit transport procedures, bulk shipment imports and multimodal transport system.

They list detailed duties of the various agencies involved in the particular mode and provide service delivery standards for each procedure described therein. Agencies covered by the directives include MAA,ESLSE, ERCA, Ministry of Trade, National Bank of Ethiopia (NBE),

commercial banks, importers and exporters, freight forwarders and shipping agents, shipping companies. However, MAA does not have the authority to “force” other agencies to implement the duties as stated in the directive and within the stipulated time period. Second, the concerned agencies and the other actors (such as freight forwarders) may not have the capacity to carry out the activities required of them. MAA needs clear authority to coordinate the actions of multiple agencies for successful implementation of the Logistics Strategy. The relationship and distribution of powers between MAA and other agencies such as TA, ESLSE, and ERCA needs to be clarified. For that reason it is advisable to change its name to reflect this responsibility – Maritime and Corridor Affairs Authority. (UNCTAD, 2017)

2.4.6 Logistics Services Providers

Logistics services in Ethiopia are dominated by ESLSE, a government-owned enterprise. ESLSE provides shipping services, arranges the transfer of goods between Djibouti and Ethiopia, and operates the dry port at Modjo. Current government policy means that ESLSE is the only provider of multimodal services. Truck operations are provided largely by the private sector, and ESLSE contracts trucking services between the port and Modjo.

There are close to 7,000 trucks operating on the corridor to Djibouti. Ownership of the trucking fleet is in the hands of (a) operators of individual trucks, (b) road transport companies, and (c) associations of individual truck owners. The truck companies and associations vary widely in size, and there is a preponderance of owners of individual trucks (as much as 90 percent). According to the EMAA report, 44 percent of the actual fleet on the road is less than or equal to 10 years old, while 24 percent is between 10 and 20 years old and 32 percent is more than 20 years old. This means that 56 percent of the fleet is more than 10 years old and that the average truck on the road is prone to breakdowns and costly repairs with high downtime. Also, the compatibility of truck equipment to cargo load is also an issue.

There is a preponderance of general cargo vehicles equipped with flat-bed trailers with side walls and no locking pins (the containers are strapped to trailers by wires), which slows loading and unloading and adds weight to the vehicle, which translates into greater fuel consumption. At

the same time, the number of Ethiopian trucks designed for hauling containers continues to be limited. The inertia in replacing the trucking fleet reflects a number of factors, including the low utilization of equipment, high import duties on trucks with an effective rate as much as 270 percent, and the limited use of long-term contracts. The shortage of modern trucks appears to be encouraging new industries and investors to invest in their own in-house trucking capability, even though trucking is not their core business. While this mitigates the constraints they face of not being able to procure a reliable and quality trucking service from the market, their fleet is only available for self-use. This entails a less efficient solution than firms procuring transportation services from dedicated and sophisticated trucking firms. (UNCTAD, 2017)

2.5 Regulatory agencies involved in importation and exportation

Table 2 outlines the Ethiopian agencies and government departments involved in the import and export of goods, and lists their functions, responsibilities, and the permits they issue. The two main agencies involved in Ethiopian importing and exporting are the Ethiopian Shipping and Logistics Services Enterprise and the Ethiopian Revenue and Customs Agency. (UNCTAD, 2017)

Ethiopian Agencies involved in Importing & Exporting

NO.	Regulatory Agency	Area Regulated (Import & export)	Responsibility & permit issued
1	Ministry of Trade (MOT)	All import and export goods	<ul style="list-style-type: none"> • Issues import release permits • Issues import release permits for legal-metrology instruments • Issues export release permits
2	Ethiopian Investment Commission (EIC) and regional investment bureau	Goods imported and exported by Investors	<ul style="list-style-type: none"> • Issues and renews investment permits • Issues customs duty-free permission letters
3	National Bank of Ethiopia (NBE) and commercial banks	Foreign currency	<ul style="list-style-type: none"> • Registers sales contract agreements • Issues export bank permits • Issues foreign currency approvals • Issues bank import permits for letters of credit and advance payments • Approves purchase orders for cash against documentation (CAD)
4	Ministry of Agriculture and Natural Resources (MOANR)	Import of plants, seeds, plant products, pesticides, and fertilizers Export of animal feed, live animals, and meat	<ul style="list-style-type: none"> • Issues phytosanitary certificates for re-export • Issues veterinary health certificates • Issues export permits for animal feed • Issues pre-import permits for plants and plant products • Issues pre-import permits for fertilizers and pesticides

			<ul style="list-style-type: none"> • Issues import release permits for plants and plant products • Issues import release permits for goods on the list of registered Pesticides
5	Ministry of Industry (Mol)	Incentives related to Manufacturing	<ul style="list-style-type: none"> • Issues duty drawback authorization letters • Issues and renews export trade duty incentive scheme certificates • Issues and renews second schedule certificates, which provide import privileges such as reduced taxes on selected goods • Approves raw-material-supply contract agreements
6	Ministry of Mines, Petroleum, and Natural Gas (MoMPNG)	Export of mineral products	<ul style="list-style-type: none"> • Issues export permits • Issues customs duty and tax-free support letters
7	Ethiopian Conformity Assessment Enterprise (ECAE)	Conformity with accepted Standards	<ul style="list-style-type: none"> • Issues laboratory test reports • Issues inspection reports
8	Federal Transport Authority (FTA)	Import of vehicles	<ul style="list-style-type: none"> • Issues pre-import permits • Issues import release permits
9	Ethiopian Radiation Protection Authority (ERPA)	Import of radiation- emitting equipment and machinery	<ul style="list-style-type: none"> • Issues pre-import permits • Issues import release permits • Issues export release permits and transport licenses
10	Oromia Islamic Affairs Supreme Council (OIASC)	Export of meat	<ul style="list-style-type: none"> • Issues Halal certificates
11	Food, Medicine, and Health Care Administration and Control Authority (FMHACA)	Import and export of drugs, medical supplies and instruments, baby food, supplements, food, and cosmetics	<ul style="list-style-type: none"> • Issues pre-import permits and/or special import permits • Issues export permits • Issues import release permits • Issues free sale certificates/letters • Issues health certificates • Issues list of registered drugs
12	Veterinary Drug and Feed Administration and Control Authority (VDFACA)	Import and export of veterinary drugs and animal feed	<ul style="list-style-type: none"> • Issues pre-import permits • Issues import release permits • Issues re-export permits • Issues list of registered drugs
13	Information Network Security Agency (INSA)	Import of communication and security equipment	<ul style="list-style-type: none"> • Issues pre-import permits • Issues import release permits • Issues re-export permits
14	Ministry of Communication and Information Technology (MCIT)	Import and export of telecommunication and network equipment	<ul style="list-style-type: none"> • Issues pre-import permits • Issues import release permits • Issues export and re-export permits • Issues customs duty and tax-free permits
15	Ministry of Livestock and Fishery (MoLF)	Import of live animals, animal products, and export of animal feed	<ul style="list-style-type: none"> • Issues pre-import permits for live animals and animal products • Issues import release permits for live animals and animal products • Issues international veterinary health certificates for cattle, sheep, and goats, meat and meat products, hides and skins • Issues export permits for animal feed
16	Ethiopia Chamber of Commerce & Sectorial Association (ECCSA)	Goods exports to Common Market for Eastern and Southern Africa (COMESA) and to countries trading on a Most Favored Nation (MFN) basis	<ul style="list-style-type: none"> • Issues COMESA certificates of origin • Issues ordinary certificates of origin

Table 2.1 Regulatory Agencies
Source: Adapted from ERCA, 2017

2.5.1 Ethiopian Shipping and Logistics Service Enterprise (ESLSE)

ESLSE is a public-sector company that provides logistics shipping services (sea transport, agency Services, stevedoring, and shore handling); clearing and freight forwarding by its MTS representation in Djibouti (customs clearance, port clearance, and road freight); and port and terminal services (receiving and delivering cargo, cargo loading and unloading, filling and emptying of containers, etc.) ESLSE controls what is referred to as multimodal shipping services, meaning that its activities start at the Port of origin (Shanghai, for example) and finish at an internal container depot within Ethiopia such as Modjo, and that the process uses both ships and roads as modes of transport — hence multimodal.

All importers into Ethiopia who access their foreign exchange through the National Bank of Ethiopia (the country's central bank) have to use ESLSE if they are importing through Djibouti. If they are importing by air and using foreign exchange through the National Bank, then they must use the services of Ethiopian Airlines. Conversely, if a client has been provided with foreign exchange through the bank, then ESLSE cannot refuse to provide that client with service. There are exceptions, however, where the bank and ESLSE can give exemptions from using the services of ESLSE. About 65 per cent of the dry bulk and container cargo imported through Djibouti uses the ESLSE multimodal system — and dry bulk and container cargo account for about 95 per cent of Ethiopia's imports. In the first nine months of the 2016-17 financial year, ESLSE earned over 10 billion Birr , (about \$500 million) but reported that, because there had been a scarcity of foreign currency during this period, imports had been lower than for the same period the previous year. In the 2015-2016 financial year, ESLSE earned 15.1 billion Birr, mainly from revenue earned from ships owned by ESLSE and from selling slots on ships owned by other companies.

2.5.2 Ethiopian Revenue and Customs Authority (ERCA)

The Ethiopian Revenue and Customs Authority (ERCA) is the body responsible for collecting revenue from customs duties and domestic taxes. In addition to raising revenue, it is responsible for protecting society from the adverse effects of smuggling and contraband. It seizes such

goods and takes legal action against the people involved in smuggling; prosecutes those involved in tax evasion and avoidance; and facilitates the legitimate movement of goods and people across borders. ERCA is led by a Director General (with the rank of minister) with direct accountability to the Prime Minister. There is an advisory board to the Director General for advice on policy issues. There are five divisions directly reporting to the Director General, each headed by a Deputy Director General:

- i. Domestic Tax Development and Support Division;
- ii. Customs Programs Development and Support Division;
- iii. Tax Law Enforcement Division;
- iv. Modernization and Corporate Division; and
- v. Addis Ababa City Tax Programs Development and Support Division.

ERCA has the following objectives:

- To establish a modern revenue assessment and collection system and to render fair, efficient, and quality service;
- To assess, collect, and account for all revenues in accordance with tax and customs law as set out in legislation;
- To enforce tax and customs law equitably by preventing and controlling contraband, tax fraud, and tax evasion;
- To collect in timely and effective fashion all federal and Addis Ababa tax revenues generated by the economy; and
- To provide support to Ethiopia's regional states so that federal and regional tax administration systems can be harmonized.

The vision is that by 2025, ERCA will be a leading example in Africa of a fair and modern tax and customs administration, and that government expenditures will be fully financed through domestic tax revenue collection. ERCA's mission is to contribute to economic progress and social welfare by developing an efficient and effective administration and by employing professional and highly skilled staff who promote voluntary compliance among individuals and businesses and who take swift action against those who do not comply with tax and customs laws and regulations. Among the authority's focuses are creating efficient revenue collection,

establishing reliable data and statistics, facilitating trade, and establishing efficient management, enforcement, security, and good governance.(UNCTA ,2017)

2.5.3 Freight Forwarder

The freight forwarder is one of the most frequently used forms of logistics intermediaries. Freight forwarders organize and arrange shipping activities encompassing the booking of cargo space, freight consolidation, documentation, insurance coverage, language translation, freight rate negotiation, and freight charge payment (Wood et al. 2002; Coyle et al., 2008). Some freight forwarders may focus on the arrangement of a particular mode of transportation, such as air or ocean carriers. For example, an international air freight forwarder will perform the following logistics services: (Hockey Min, 2015)

- Promote intermodal air-surface transportation.
- Solicit freight from shippers.
- Book air cargo space for shippers.
- Consolidate small shipments into a larger shipment to get freight-rate discounts.
- Provide pickup/delivery by surface transport means.
- Track shipments during transit.
- Utilize containers.

2.6 Transit, Border-clearance, and Warehousing Processes

2.6.1 Ethiopian Import Processes

The process for importing goods into Ethiopia is as follows:

- An import license must be obtained.
- An application form for a license must be obtained from the Ministry of Trade, completed, and presented in person, supported by a tax identification number. Private and limited-share companies must provide a Memorandum of Association and Articles of Association. Also required of applicants are proof of a physical office, proof of sufficient funds, and photographs of the person seeking the license? If the applicant is a foreign investor, he must show his investment and residence permits and a valid business registration certificate.

- For restricted goods, a pre-import permit must be obtained.
- Imports of some goods, such as pharmaceuticals, medicines, veterinary drugs, information and communication technology (ICT) equipment, and vehicles, are restricted for safety, security, environmental, health, or other reasons, and can only be brought into the country if the importer has such a permit. Once it is obtained, the importer still must obtain a standard import permit.
- Foreign currency must be obtained through a commercial bank and then payment arrangements agreed upon with the importer's bank.
- To secure foreign payment, the importer must first have an account with the commercial bank to which he is applying for foreign exchange. He must accompany his application with a valid business license and a pro-forma invoice from the supplier. The bank will provide the importer with a Letter of Credit (L/C) or a Cash against Delivery (CAD) document, or will provide the supplier with an advance payment, usually via SWIFT transfer. The importer must not be listed on the National Bank of Ethiopia's delinquent list.
- Release must be obtained from the relevant port in Djibouti.
- The goods are shipped and usually arrive at one of the Djibouti ports. If they are containerized and not shipped on ESLSE vessels, the containers will be off-loaded at Doraleh Container Terminal. If the cargo is being transported by ESLSE vessels with the vessels' own lifting gear, or is break bulk cargo, the goods will be off-loaded at the Port of Djibouti (Which soon will be replaced by port facilities at the Doraleh Multipurpose Terminal). The Ethiopian importer must select a Djiboutian clearing agent who will clear the goods through the port and out of the port area. If the goods are being imported using the multimodal system, then ESLSE acts as the Djiboutian clearing agent. ESLSE is the only Ethiopian company that is accepted as a clearing agent by Djiboutian authorities. (UNCTAD, 2017)

2.6.2 Ethiopian export processes

Exporters must do the following:

- i) Obtain an export permit from a commercial bank which can be received once the potential exporter has a signed seller/buyer contract, a seller's invoice, and an export license valid for

the year, a tax registration certificate, and an export permit application form. The customer's name should not appear on the list of delinquent exporters issued by the National Bank of Ethiopia for the period. If the name appears, the exporter's name will need to appear on a subsequent list indicating that the given customer has cleared all outstanding obligations to the bank.

- ii) Apply, where necessary, for quality testing and certification so as to obtain an Export Authorization Certificate from the Quality and Standards Authority of Ethiopia.
- iii) Register for value added tax (VAT) and pay the VAT on goods exported from Ethiopia.
- iv) Hire a clearing agent to complete a customs declaration (which requires an export permit, a copy of the customs declaration annex form, the Ethiopian Customs declaration form, and other relevant supporting documents such as a certificate of origin, and any special movement forms/ certificates needed, for example, by Europeans for export into the European Union).
- v) Arrange for a transporter to collect the goods and transport them to a port in Djibouti. (UNCTAD, 2017)

2.7 Logistics Performance

The performance of the global supply chain relies to a great extent on seamless flow of goods across geographies and borders. Although national governments have to balance security concerns and economic interest, open borders are less of a challenge than one might think. From a governmental perspective, the performance of cross-border supply and value chains is a strategic asset for attracting companies and investors to bring knowledge and capabilities, prosperity, and wealth. As a result, governments deploy supporting infrastructure as well as economic and free trade zones; effective legal frameworks, fiscal policies, and multi- and bilateral trade agreements supplement the effort.

The access to domestic markets, i.e., the ability to sell to local customers and consumers, is a critical factor for companies considering investments in new markets, in particular, in times when robots increasingly eliminate labor cost advantages. Strategic investment in future industries and the gradual phasing out of obsolete sectors should be the ultimate goal of

governments: not protecting weak industries but driving the local economy towards its comparative advantages and highest level of competitiveness. Logistics performance determines to a large extent competitiveness and advantage. The World Bank regularly analyses the operating conditions of the logistics sector in different countries and publishes the Logistics Performance Indicator (LPI) every 2 years.

The LPI is based on a worldwide survey of 1000 logistics professionals on the ground (global freight forwarders and express carriers), providing feedback on the logistics friendliness of the countries in which they operate. Since transport system efficiency and business performance are closely related, the LPI is a valuable tool for governments to understand where they stand and how they can boost efficiency and performance. The LPI takes into consideration six core dimensions, including the quality of Infrastructure for trade and transport, efficiency of customs processes, quality of logistics services on the ground and by sea, performance of customs brokers, and cost effectiveness of logistics solutions. The index ranges from 1 (worst) to 5 (best) and ranks a total of 160 countries. In the top 30 of the LPI, we find 22 OECD countries and 14 members of the European Union. China moved from 28th in 2014 to 27th in 2016. India did not make its way into the top 30 in 2016 but has jumped 19 places, improving from 65th in 2014 to 38th in 2016 (The New Indian Express 2016). Between 2007 and 2014, the gap between top and bottom LPI performers had begun narrowing, driven by continuous improvements of the infrastructure and service quality of the logistics sector as well as the customs clearance processes.

In 2016, however, there was a convergence in LPI performance near the top, with a widening gap between the high and low performer countries. The Philippines offers an example of how fast the picture can change: the archipelago, which ranked 44th in 2010, fell 13 places to 57th in 2014 and to 71st in 2016 (The World Bank 2016). This drop largely resulted from two factors: (1) growing weakness in transport-related infrastructure and (2) Declining quality of logistics services, including transport operators and customs brokers. Logistically constrained countries, such as landlocked nations without direct access to the oceans and global waterways, regularly struggle with trade and transport facilitation and reforms. Beyond internal political will, the logistically disadvantaged countries, which are often today's suppliers and tomorrow's potential

customers, require and deserve attention and support from the international community. The German Association of Logistics (Bundesvereinigung Logistik – BVL) observed vast variations when comparing logistics cost between different regions and countries: while logistics costs in China accounted for more than 14% of business revenues, in the USA, they account for <6%.

There are also substantial differences between industries. The BVL calculated that the share of logistics costs among total costs in the materials/mining industry accounted for 13%; for the machine/plant engineering industry, the figure was just 3% in 2013 (BVL International 2013). The efficiency of customs processes plays an important part in determining the seamlessness of supply chains. Most manufacturers depend on importing intermediates or semi-finished goods. Slow and bureaucratic customs processes increase costs. Thus, efficient and speedy customs clearance is essential for the competitiveness of businesses and nations.

Customs authorities are mindful about this need and collaborate with international organizations such as the International Civil Aviation Organization (ICAO), International Maritime Organization (IMO), and Financial Action Task Force (FATF) to balance risks with efficiencies. The ultimate aim is the harmonization and simplification of customs procedures across the globe in the best interest of all stakeholders. The FATF is an intergovernmental body with 36 members, 34 member jurisdictions and two regional organizations, as well as various associate members, among them the USA, Canada, most European countries, Australia, and the Russian Federation. The body was established in 1989 to “set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system” (FATF 2016). The FATF has developed a series of recommendations that are recognized as international standard.

The IMO currently has 171 member states and associate members. A predecessor, the Inter-Governmental Maritime Consultative Organization, was founded in 1948 at an international conference in Geneva; 10 years later the IMO started its work. Most of their amendments and conventions deal with safety and environmental issues for commercial seafarers. Important for the logistics sector are the facilitation of international maritime traffic and load lines and the

carriage of dangerous goods. The system of measuring the tonnage of ships was revised. The conventions are aimed at simplifying the procedures and formalities to be fulfilled when ships arrive in or depart from ports.

The International Civil Aviation Organization (ICAO) was established in 1944 to support the safe, efficient, secure, economically sustainable and environmentally responsible civil aviation sector. The international organization has currently 191 member states and industry groups. In 1995 the General Agreement on Trade in Services (GATS) was passed. At present, the GATS Air Transport Annex covers three so-called “soft” rights, namely, aircraft repair and maintenance, selling and marketing of air transport, and computer reservation system (CRS) services. Another major stakeholder in the international customs community is the World Customs Organization (WCO), whose membership covers 98% of world trade. Founded in 1952 in Brussels, Belgium, the international organization currently has 180 members, three-quarters of which are developing countries. Their mission is to promote security and facilitate international trade, mainly through simplification and harmonization of customs procedures and assurance of compliance with laws and regulations. (Wolfgang Lehmacher, 2016)

2.8 Trade Policy and Business Environment

The federal democratic republic of Ethiopia is classified as a low-income country with a long-term vision to become a middle income economy. Ethiopia is in the process of accession to the WTO, which is believed to accelerate the country's integration into the global trading system. The country was ranked 106th out of 132 countries in the World Economic Forum Enabling Trade Index (2012), which measures institutions, policies and services to facilitate trade in countries. Its business and regulatory environment is deficient in competition and the availability and quality of transport infrastructure, and information and communication technology are low. In particular, identifying potential markets and buyers as well as access to trade finance are the most problematic factors for trade. (ITC Report, 2014)

2.8.1 Trade Policy and Market Access

In January 2003 Ethiopia officially applied for membership into the WTO. Although several challenges remain and, therefore, the process of negotiations is slow, Ethiopia is expected to meet all of the requirements set out for accession and become a member in the near future. Ethiopia is a member of the following organizations and regional markets: Common Market for Eastern and Southern Africa (COMESA); the Africa Free Trade Zone (AFTZ); African Union (AU); the African, Caribbean and Pacific Group of States (ACP); the Intergovernmental Authority on Development (IGAD); and the Economic Commission for Africa (ECA). However, Ethiopia its commitment to regional integration remains at the lower end. Although Ethiopia is a founding member of the COMESA since 1993, it remains as a COMESA non-FTA member country; nevertheless goods imported from COMESA countries are afforded a 10 per cent tariff preference. Ethiopia's average MFN applied tariff in 2012 was 17.3 per cent. Agricultural products face higher tariffs (22.4 per cent) compared to non-agricultural products (16.5 percent). High import tariffs policy is adopted to protect certain industries such as the clothing and textile industries. (ITC Report, 2014)

2.8.2 Standard Compliance and Other Relevant Import/Export Restrictions

In the process of WTO accession, the Quality and Standard Authority of Ethiopia, which used to oversee the quality and standards accreditation and certification, were divided into the Ethiopian Standard Agency, the Ethiopian Conformity Assessment Enterprise, the National Accreditation office, and the National Metrology Institute, so as to ensure a clear division of responsibilities and the efficient handling of tasks. Among them, the Ethiopian Standards Agency was designated as the WTO Technical Barriers to Trade (TBT) National Enquiry in 2010. The agency aims to have ten thousand items standardized by the end of 2017. Moreover, the country has yet set up the formal relationship with the WTO Sanitary and Phytosanitary Information Management System (SPIMS) through its SPS Enquiry Points and National Notification Authority. Ethiopia signed the Comprehensive African Agriculture Development Programme (CAADP) compact in 2009, which targets key sub-sectors like the livestock, in which Ethiopia leads the region. The compact underpins existing food security and nutrition

programs which relates to World Trade Organization (WTO) accession and implementation. (ITC Report, 2014)

2.9 Customs Transit Procedures

Typically, transit commences at ports of entry. As Ethiopia is, however, a landlocked country commencing transit operations from destination customs stations (for instance, from Kaliti in Addis Ababa). Import operations commence by submitting complete basic mandatory import documents prepared by declarants and lodged with the web site of ERCA.

The standard processes for the clearance of, for instance, imported goods under unimodal transportation, include the following steps:

- a) Declarant states his intent for import by completing an Import Declaration Form (IDF) on the newly adopted customs system, Electronic Customs Management System (ECMS)
- b) Declarant lodges IDF with supporting documents. Pursuant to Proclamation Number 622/2009, the following original supporting documents shall be supplied to Customs:
 - Bill of Lading;
 - Invoice;
 - Bank Permit;
 - Packing list;
 - Certificate of Origin; and
 - Other relevant certificates/permits from relevant regulatory bodies.
- c) The customs station (for instance Kaliti) captures the information on ECMS Plus which registers the documents and classifies them on the basis of risks into Green, Yellow and Red categories. Under the risk management system of ERCA, imported goods that fall under Green are low risk, Yellow and Red categories medium and high risk goods, respectively;
- d) After inspection, classification and valuation is completed, customs Inform freight forwarder or Custom agent to settle the duties reflected on the custom system.
- e) The declarant effects payment through banks in favor of customs on the basis of the assessment notice;

- f) After the payment of the assessed duties and taxes, the customs transit unit checks the payment and issues a transit permit which allows the container or bulk shipment to move from Djibouti to Ethiopia.
- g) The custom officer retains copies of the packing list and bill of lading and provides the transitor with the remaining documents, which are kept by the freight forwarder or custom agent until the goods arrive;
- h) Freight forwarder agent in Djibouti will provide the transit permitted document to Ethiopian customs office in Djibouti to approve so that they can process gate pass to load the cargo.
- i) Cargo will move to respective customs station (Kaliti Customs) to undergo the customs procedure
- j) Cargo will be released after the needful of custom procedures applied

The newly adopted ECMS is not yet integrated with other regulatory customs stakeholders as a result clearance of cargo will take more days. Still there is paper intensive activity which causes delay to get the cargo immediately and add cost to importer. (ITC Report, 2014)

2.10 Conceptual Framework

Based on the reviewed literatures the conceptual framework for factors influencing logistics process and logistics service providers' performance. The framework comprises the six factors required for assessing the factors that influence logistics process and logistics service provider's performance: Custom clearance, Congestion at the port, Skilled Human labor, Business Environment, Regulatory enforcement & Regulatory agencies. These variables are going to be used in the analysis and discussion of the research findings. The independent variables are factors which influence logistics process. The dependent variable is logistics service provider's performance and the independent variables are Custom clearance, Congestion at the port, Skilled Human labor, Business Environment, Regulatory enforcement & Regulatory agencies in which this specific study governed.

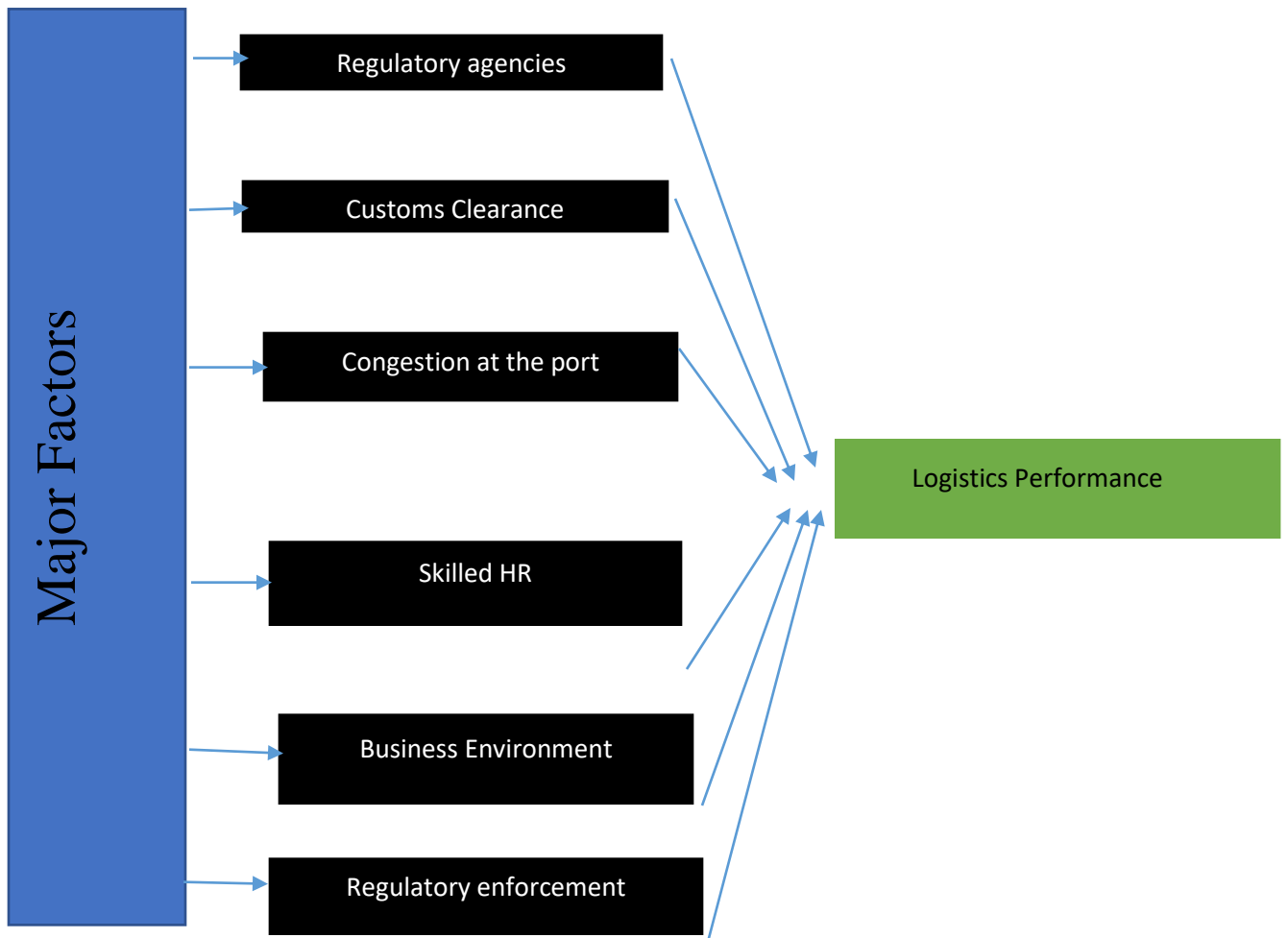


Figure 3.1 Conceptual Framework

CHAPTER THREE

RESEARCH DESIGN & METHODOLOGY

3.1 Introduction

This chapter describes the approach, methods and techniques adopted to collect and analyze data. As a result, the research design, data requirement and sources, sampling frame and techniques, data collection tools, data analysis and presentation methods are discussed. According to Yin (2003), a research methodology defines what the activity of research is, how it proceeds, how progress measures, and what constitutes success. Kumekpor (2002) also defines it as the methods, procedures and techniques used in an attempt to discover what we want to know.

3.2 Research Approach

The three methods that are commonly implemented in a research are quantitative, qualitative and mixed, where one of them is not better than the others. All of this depends on how the researcher wants to do a research of study (Creswell, 2005). This study used the mixed approach because for variables that cannot assume numeric values I used qualitative variable and for variable that can assume numeric value we used Quantitative variables.

3.3 Research Design

Research can be classified as exploratory, descriptive and explanatory (Saunders, Lewis and Thornhill, 2007). The objective of descriptive research is, to portray an accurate profile of persons, events or situations" (Robson, 2002). This study, with descriptive research type, tried to examine factors influencing logistics process in some selected logistics service providers performance with the purpose of identifying the gaps or problems and propose alternative solutions on logistics practices. In this study both qualitative and quantitative data are adopted.

Quantitative data was collected through questionnaire and qualitative data through interview. This mixed method approach support to triangulate the data and result collected through survey method (Greener, 2008; Saunders 2007). Primary data collected using quantitative method was analyzed using descriptive analysis, and present in tabular forms. Whereas the data obtained using interviews was analyzed qualitatively. The qualitative data gives an advantage of having an in depth insight in logistics practice and related challenges so that results can be presented in more accurate way.

3.4. Data Type and Source

Saunders (2007) defines two types of data, namely primary and secondary. Depending on the research data type and collection method, the researcher can use primary and/or secondary data. For this research, primary as well as secondary data were used. Primary data was collected through standard and structured questionnaire and interview, while secondary data from company reports, publications like World Bank ,OECD ,UNCTAD, ITC, UNDP studies.

3.5 Data Collection Instruments

The major data collection instruments adopted were questionnaires and interview guides. Questionnaires were used in instances where a respondent could easily read and understand without assistance. The questionnaire were prepared based on the research objective. Interviews were conducted for respondents whose response required follow-ups and did not have the time to go through the questionnaires. The interviewees were nominated based on better understanding of the sector and bottlenecks on logistics process on their day to day activities and direct relationship with the activity to answer the interview questions briefly.

3.6 Procedure of Data Collection

The important data for the final study was collected using questionnaire and interview. The procedure adopted for each of the data source tool as depicted below.

Procedure for questionnaire: Questionnaire developed based on the specific objective of the study a five point Likert scale. During the dispatching of questionnaire the respondents notified the purpose of the study, the confidentiality of the answer given by them and also told data is strictly adopted only to the finalization of the thesis and then question distributed to respondents on convenient time and place for them. After one week the answer collected and the data analysis carried on.

Procedure for Interview: Interview designed based on the specific objective of the study. Setting was selected with interviewee convenience and firmly explains purpose of the interview, addressed confidentiality and tried to make it short not to take longer and distract the interviewee time.

3.7 Population of the Study

The target population of this study are 5 logistics service providers namely Freighters International, MACCFA Freight Logistics, CLS Logistics, Pan Afric Global Logistics and Green International Logistics who were involved in logistics service and has direct linkage on import as well export operations plus acquisition of 49% from multinational giant logistics company. The list of target population was collected from Human resource department of each selected logistics service providers.

According to this data, around 194 staffs were directly related in logistics activity in one or another way. According to Kathari (2004), as a general rule, sample size must be of an optimum which should be neither excessively large nor too small. Regarding sample size, Corbetta (2003) also discussed that sample size is directly proportional to the desired confidence level of the estimate (z) and to the variability of the phenomenon being investigated, and it is inversely proportional to the error that the researcher is prepared to accept (Corbetta, 2003).

For this research, Zikmund and Babin (2010) was used for sampling technique by determining the sample proportion success, not success based on previous research response rate. Saunders et al. (2007), states that the likely response rate shall be reasonably 50% or moderately high.

Based on this, the researcher has assumed 90% success response which is anticipated high as most of the questionnaires were distributed and collected physically. Regarding the sample size, I have used Kothari (2004) sample size calculation formula in which the size of population is known or has defined size at 95% confidence level.

Where:

P = proportion of response rate (p=0.90)

q = Non response rate (q=0.10)

Z = Z score level of confidence of the estimate (95% = 1.96)

e = marginal error, 5%

N = population of the sample (194)

$$N = \frac{1.96^2 * 0.9 * 0.1 * 194}{0.05^2 (194 - 1) + 1.96^2 * 0.9 * 0.1}$$

N = 80

Quota system has been applied for each circle based on sample ratio and hence sample frame is tabulated here under.

No	Company	Number of Staff	Sample Size (Quota System)
1	Freighters International PLC	47	18
2	Maccfa Freight Logistics	38	16
3	CLS Logistics	40	16
4	Pan Afric Global Logistics	36	16
5	Green International Logistics	33	14
	Total	194	80

Table 3.1 Number of staffs and sample size

3.8 Sample and Sampling Technique

According to Adams et al. (2007) sampling is the process or technique of selecting a suitable sample for the purpose of determining parameters or characteristics of the whole population. To determine the sample size, the researcher first collect list of staffs involved in logistics operation from selected 5 companies and calculate the sample size accordingly.

To select respondents, both probability and non-probability sampling techniques were used (Saunders et al, 2007). Simple random probability sampling technique was used to distribute and collect questionnaire from list of staffs. However, based on their relative possession of knowledge and practices of logistics and overall performance, the non-probability sampling technique which is judgmental sampling was applied to select CEO ,Senior Logistics officers and Chief Operation Officers (COO) for the interview.

3.9 Validity and Reliability

Validity refers to the extent to which an instrument measures what is supposed to measure (Brink1993). Data need not only to be reliable but also true and accurate. If a measurement is valid, it is also reliable (Joppe 2000). In an attempt to ensure content validity, the questionnaires were developed on the basis of a thorough review of the existing literature concerning the area of inquiry with a little modification. In addition, the same set of questions was administered to respondents so that responses would be similar to facilitate comparison.

Reliability refers to the consistency or dependability of a measurement technique, and it is concerned with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error (Geoffrey et al, 2005). To ensure reliability, it is important to have an appropriately sized sample to achieve statistically significant and reliable results.

Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalization. As per the result found from the collected data the overall Cronbach's alpha is

0.895 which is above the standard threshold level 0.7. An alpha coefficient of 0.7 or higher indicates that the gathered data are reliable as they have a relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population (Zinbarg2005).

Table 3.2 Cronbach Alpha

S. No.	Variables	Cronbach Alpha Value
1	Customs Clearance	0.888
2	Regulatory Agencies	0.887
3	Skilled Human Resource	0.885
4	Regulatory Enforcement	0.892
5	Congestion at the Port	0.887
6	Business Environment	0.898
	Overall	0.895

Source: SPSS output

3.10 Method of Data Analysis

The raw data collected from a research is useless unless it is transformed into information for the purpose of decision making (Emery and Couper, 2003).For the quantitative data analysis and interpretation statistical tools like charts and frequency were applied using SPSS version 20 software. A questionnaire were organized and categorized based on the responses at the same time coding was done. The qualitative information/data from questionnaire, the interviewee participants were analyzed by relating to the quantitative result.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

This chapter deals with analyzing and presenting the fact collected by questionnaires and interview concerning factors influencing logistics process in some selected logistics service providers performance. The analysis of the study is structured and conducted to answer the research questions by addressing the objective of the research. The data collected via questionnaires are summarized, organized and analyzed using statistical software called Statistical package for Social Science/SPSS. Accordingly, reliability test, response rate, demographic information of respondents, findings of the survey with its detail interpretation and discussion is presented. Therefore, this section of the study contains facts and information about factors influencing logistics process in some selected logistics service providers performance.

4.1 General Overview of the Data

The survey was undertaken to assess factors influencing logistics process in some selected logistics service providers performance. For that purpose questionnaire was developed and distributed to 5 selected logistics service providers. This makes the response rate 100%. At the time of data screening for accuracy and completeness no questionnaire was found to be unusable.

Table 4.1 Number of questionnaire distributed and collected

Questionnaire	Respondents	
	Number	Percentage
Distributed Questionnaire	80	100 %
Not returned	0	0
Returned	80	100 %
Returned but disregarded	0	0
Total Sample Size	80	100 %

Table 4.1 SPSS output

4.2 Reliability Test

Reliability refers to the extent to which data collection techniques or analysis procedures yield consistent findings (Saunders et al., 2007). Dunn (2001) also defines reliability as a measure of stability or consistency across time. Before going to data presentation, analysis and interpretation; Cronbach's Alpha was calculated as part of the reliability test to assess how valid the results were and should produce similar generalized results if the sample size were increase (Field, 2006).

Table 4.2 Cronbach Alpha Reliability value

S. No.	Variables	Cronbach Alpha Value	Numbers of Questions
1	Customs Clearance	0.888	6
2	Regulatory Agencies	0.887	4
3	Skilled Human Resource	0.885	3
4	Regulatory Enforcement	0.892	4
5	Congestion at the Port	0.887	4
6	Business Environment	0.898	4

Source: SPSS output

The Alpha value ranges from a maximum of 1.0 for a perfect score to minimum of zero, good measure of the alpha should be 0.70 or higher (Neuman, 2007). According to the Cronbach's Alpha values presented in table 4.2, the value of individual variables ranges from minimum 0.885 to maximum value of 0.898. Therefore, the researcher concluded that the data has internal consistency and is reliable for further analysis.

4.3 Demographic characteristics of respondents

Data related to their profile was collected and analyzed to know the respondent's educational information, job title, years stayed in the organization and department /work unit. A percentage and frequency characteristic of the respondents is presented in the following tables.

Table 4.3 Demographic Information of respondents

Educational information		Frequency	Percent
Valid	Grade 12 completed	2	2.6
	College diploma	10	12.5
	First degree	63	78.8
	Second degree and above	5	6.3
Total		80	100.0
Job title			
Valid	Manager	34	42.0
	Supervisor	32	40.0
	Other	14	18.0
Total		80	100.0
Years stayed at the organization			
Valid	Less than 2 years	17	21.3
	2-5 years	29	36.3
	6-10 years	32	40.0
	over 10 years	2	2.5
Total		80	100.0
Department/Work unit			
Valid	Operation	24	30.0
	Logistics	4	5.0
	sea freight	4	5.0
	Shipping	18	22.5
	Customs	21	26.3
	Management	9	11.3
Total		80	100.0

Source: SPSS output

The respondents were asked to indicate their educational qualification and the results are presented in Table 4.3 above. The results shows that high school complete comprise 2.6% and 12.5% has college diploma. 78.8% of the respondents has first Degree and the rest 6.3 % have first degree and above. With this result, we can infer that the respondents can better understand the questions and

provide relevant and accurate information required for the study. As many as 42 % of the respondents involved in this study were managers and followed by the supervisors (40 %). In general, the senior positions were actively involved in this study.

Regarding the respondent work experience in the company, the results in Table 4.3 shows that only 21.3 % has less than 2 years of experience .40 % of the respondents have 6 to 10 years and 36.3 % has 2 to 5 years of experience in the company. Over 10 years of experience holds 2.5%. This result indicates that majority of the respondents have long years of work experience in logistics service providers firm which indicates that they have better understanding of logistics process practice.

Working unit of respondents was analyzed and the result shows (30%) of the respondents were from operations department. Customs, Shipping, Management, logistics and sea fright departments has 26.3%. 22.5%, 11.3%, 5% and 5 % respectively. This implies that challenges in different division have been assessed through representative of different departments. This working units are in front lines to see different factors which have significant repercussion on day-to-day activities in regards to logistics process.

4.4 Descriptive Data Presentation and Discussion

Based on the conceptual frame work of the literature factors influencing logistics performance are categorized as custom clearance, regulatory agencies ,skilled human resource ,regulatory enforcement ,congestion at the port and business environment . The respondents were asked to consider the importance of various factors relating to the factors influencing logistics process on some selected logistics service providers performance on a five-point Likert type scale as ‘one of the most important’ (1) ‘Very Poor’ (2) ‘Poor’ (3) ‘Good’ (4) ‘Very Good’ (5) ‘Excellent’ in order from highest importance to lowest importance of factors influencing logistics process. A ranking of the most important factors in each category is also presented in the following subsequent tables.

4.4.1 Customs Clearance

Table 4.4 Descriptive Statistics Value of custom clearance

Item	Very Poor		Poor		Good		Very Good		Excellent		Mean	Std. Deviation
	F	%	F	%	F	%	F	%	F	%		
Knowledge in related to custom clearance	52	65	14	17.5	2	2.5	12	15	-	-	1.6750	1.08820
customer compliant management on time	50	62.5	16	20	4	5	9	11.3	1	1.3	1.6875	1.07437
Accountability of the institute.	54	67.5	13	16.3	7	8.8	4	5	2	2.5	1.5875	1.01500
Delay on custom clearing activities	54	67.5	13	16.3	11	13.8	1	1.3	1	1.3	1.5250	.87113
Evaluation on custom procedure	47	58.8	22	27.5	9	11.3	1	1.3	1	1.3	1.5875	.83732
Role of corruption on custom clearance	4	5	2	2.5	10	12.5	48	60	16	20	4.3750	4.58223

Source: SPSS Output

In Table 4.4 above, shows that the descriptive statistics of custom clearance dimension in evaluating the performance of logistics service providers based on arithmetic mean and standard deviation. It is based on the responses of 80 sample respondents on the six described items on the table.

Staff knowledge in related to custom clearance

Referring to the responses in Table 4.4 above, which is knowledge of custom staff related to custom clearance, majority of the respondents, which constitutes 65% and 17.5% have replied very poor & poor, respectively whereas, only 2.5% & 15% have expressed their positive feedback as Good and Very Good, respectively, for the same criteria. This implies that personnel assigned for custom clearance has no enough knowledge to handle movement of cargo for incoming and outgoing shipment.

Customer complaint management on time

According to survey about customer complaint management on time Table 4.4, only 5%, 9% and 1.3% have replied Good, Very Good and Excellent, respectively, to confirm customer complaint management is practiced whereas, majority of the respondents which encompass 62.5% & 20% have expressed very poor and poor, respectively, on customer complaint management from custom authority. From this observation, we can depict that customer complaint management on time is not well practiced. This is also supported with interview held from selected logistics providers' management that customs has adopted a habit which seems stubborn and not supportive to the required level anticipated.

Accountability of the Institute

For survey question of accountability of the institute, the respondents' feedback, Table 4.4 shows that 67.5% and 16.3% have replied as Very Poor and Poor, respectively. This implies that the institute did not follow the expected mileage that preserve the interest of logistics service providers.

Delay in Custom Clearing

Respondents were asked their reflections on custom clearing practice currently adopted. Majority of the respondents which have lion's share as 67.5% and 16.3% replied as very poor and poor, respectively, which depicts there is delay in custom clearing practice currently adopted.

Evaluation of Customs procedure currently adopted

Based on respondents' feedback Table 4.4, 58.8% and 27.5% have indicated their reply as Very poor and Poor, respectively. Only 11.3%, 1.3% and 1.3% have expressed their reply as Good, Very Good and Excellent, respectively. From the survey, the result as well as interview

indicated that current custom procedure is characterized by paper intensive, prolonged, repetitive checking and manual inspection which leads to complicated procedure.

Role of corruption on custom Clearance

As it is indicated in the above table (4.4), 80% of the respondents replied that custom clearance is highly affected by corruption. It seems to be accustomed to give money and get release of shipment under the custody of custom compound are formal custom clearance procedure currently in place.

4.4.2 Regulatory Agencies

Table 4.5 Descriptive Statistics Value of Regulatory Agencies

Item	Very Poor		Poor		Good		Very Good		Excellent		Mean	Std. Deviation
	F	%	F	%	F	%	F	%	F	%		
Efficiency of regulatory agencies	45	56.3	25	31.3	9	11.3	1	1.3	-	-	1.5750	.74247
Import/Export permit process	47	58.8	21	26.3	12	15	-	-	-	-	1.5625	.74364
Operational procedure of the agencies	47	59	21	26	12	15	-	-	-	-	1.6625	.95392
Accessibility of guidelines is available.	49	61.3	19	23.8	4	5.1	8	10	-	-	1.6203	.96481

Source: SPSS Output

In Table 4.5 above, it is depicted that efficiency of regulatory agencies ($\bar{x} = 1.57$), Import/export permit process ($\bar{x} = 1.56$), Operational procedure of agencies ($\bar{x} = 1.66$) and accessibility of guideline from Agencies ($\bar{x} = 1.62$) were considered as “very poor” in essence that this are factors which makes the logistics process more delayed than anticipated. This implies that the attributes of regulatory agencies are considered crucially affecting logistics service providers to cease at some point on logistics process. In addition to this CEO of Green

International Logistics has replied while interviewed in regards to factors that hinder the process for logistics are regulatory agencies which they don't have integration with stakeholders and delayed most of the process for import and export.

4.4.3 Skilled Human Resource

Table 4.6 Descriptive Statistics Value of Skilled Human Resource

Item	Very Poor		Poor		Good		Very Good		Excellent		Mean	Std. Deviation
	F	%	F	%	F	%	F	%	F	%		
Competence of logistics service providers	45	56.3	20	25	8	10	6	7.5	1	1.3	1.6579	.98729
EFFSA to arrange training on logistics	51	64	18	23	5	5	3	4	3	4	1.6125	1.02493
Adequate qualified staff	48	60	18	22.5	4	5	3	3.8	7	8.8	1.7722	1.25012

Source: SPSS Output

In Table 4.6 above, it's found that competence of logistics service providers ($\bar{x} = 1.65$), Initiative from Ethiopian Freight Forwarders Association to undertake training ($\bar{x} = 1.61$), adequate qualifies staff availability ($\bar{x} = 1.77$) were considered as "very poor". This implies that there is a gap on competence, Training and qualified staff to go further and competitive. Further investigation from interview and open ended questions also revealed due to this gap the logistics sector is not going far and needs serious of changes in this area to cope with these dynamic changes on sector globally.

As a result, we can conclude that shortage of skilled human resource was a challenge that leads to decline in logistics process handling efficiency and has negatively impacted the overall performance of logistics service providers. In 2017, the World Bank and the Kühne Logistics University published a report on skills, competencies, and training in the logistics sector. It highlighted a general perception that qualified logistics-related labor is in short supply at all levels in both developed and developing countries, suggesting that the problem is likely to

remain or worsen over the next five years. Respondents in developing countries see the most severe skill shortage at the managerial level—for example, in filling senior supply chain management positions. In developed countries, the most severe shortage is for a qualified blue-collar workforce, such as truck drivers. Reasons for the shortages include the low prestige and status of operational logistics workers.

4.4.4 Regulatory Enforcement

Table 4.7 Descriptive Statistics Value of Regulatory Enforcement

Item	Very Poor		Poor		Good		Very Good		Excellent		Mean	Std. Deviation
	F	%	F	%	F	%	F	%	F	%		
Custom clearance dependency on paper work	49	61	21	26	9	12	1	1	-	-	1.5250	.74587
ERCA involvement in developing guideline	51	63.8	19	23.8	10	12.5					1.4875	.71146
EMAA support for logistics service providers	52	65	13	16.3	12	15	3	3.8			1.5696	.92934
Conduciveness of Investment regulations	5	6.2	3	3.8	10	12.5	48	60	14	17.5	3.7875	.98974

Source: SPSS Output

In Table 4.7 above, presents the respondents' views on how regulatory enforcement related factors influenced logistics service provider's performance.

Custom clearance dependency on paper work

The data analyzed on Table 4.7 showed that dependence of customs clearance on paper work with the mean value of $\bar{x}=1.52$ was rated very poor and poor by 87 % (70) of respondents while the remaining 13% (10) ranked it as good. From the survey result, it could be learned that custom clearance is highly dependent on paper work to release goods from customs as well as for export cargo.

ERCA involvement in developing guideline

Table 4.7 revealed that 63.8 % and 23.8 % claimed that ERCA's efforts in developing guideline as very poor and poor, respectively. This indicated that Ethiopian Revenue & Customs Authority showed less effort to put clear guideline for each activity implemented from their end for each customers getting service from their end.

EMAA support for logistics service providers

According to the survey result under table 4.7 about EMMA support for logistics service providers showed as 65% and 16.3% replied as Very poor and poor respectively. This depicted that EMMA doesn't play a major role in supporting logistics service providers' adequately. Only 15% and 3.8 replied as good and Very good.

Conduciveness of investment regulations

Referring to the question in Table 4.7, which reads 'How conducive are the regulations of investment authority in opening the door for foreign logistics service providers?', most respondents (77.5%) replied as excellent and very good. Only 6.2%, 3.8% and 12.5% replied as very poor, poor and good, respectively. This implies that regulation adopted from Investment commission of Ethiopia determined to allow the door for foreign logistics service providers to allow local logistics service providers to share knowledge and to grow. Further on interview investigation from Pan Afric Global CEO, investment deregulation to attract foreign logistics service providers are seen positive to the country in general and useful for logistics service providers in specific to get international practice as well to boost competitiveness regionally and globally in the long run. Further on this Freighters International General managers add this deregulation of the sector has positive impact to make the sector competitive and suggested that stake for multinational has to raise more than 49% to attract more giant logistics firms overseas.

4.4.5 Congestion at the Port

Table 4.8 Descriptive Statistics Value of congestion at the port

Item	Very Poor		Poor		Good		Very Good		Excellent		Mean	Std. Deviation
	F	%	F	%	F	%	F	%	F	%		
Evaluation of port operation and service	53	66.3	13	16.3	13	16.3	1	1.3	-	-	1.5250	.81092
Facilities at Mojo dry port	47	58.8	22	27.5	11	13.8	-	-	-	-	1.8000	2.39937
Professionalism of port operator	50	62.5	17	21.3	12	15	1	1.3	-	-	1.5500	.79396
Door to door service through multimodal handling.	48	60	18	22.5	13	16.3	1	1.3	-	-	1.5875	.80652

Source: SPSS Output

In Table 4.8 above, presents the respondents' views on how congestion at port related factors influenced logistics service provider's performance.

Evaluation of port operation and service

Based on respondents' feedback in Table 4.4, 66.3% and 16.3% have indicated their reply as Very Poor and Poor, respectively. Only 16.3% and 1.3% have expressed their reply as Good and Very Good, respectively. From the survey result indicated that the current overall port operation and service provision are poor to manage cargo incoming as well outgoing.

Facilities at Mojo dry port

The survey results shown in Table 4.7 about EMMA's facilities at Modjo port show that 58.8% and 27.5% replied as Very poor and poor, respectively. This depicts that Modjo dry port facilities are not suitable for logistics service providers to do their day-to-day operations inside the port.

Professionalism of port operator

Regarding the question how professional the port operators are as shown in Table 4.7, most respondents 62.5 % and 21.3% replied Very Poor and Poor. Only 15% and 1.3% replied as good and Very good. This implies that professionalism of port operator are not to the expected level to discharge responsibilities.

Door-to-door service through multimodal handling

Based on respondents' feedback (table 4.4), 60% and 22.5% have respectively indicated their reply as Very poor and Poor. Only 16.3% and 1.3% have expressed their reply as Good and Very Good, respectively. From the survey result, it seems that door-to-door service through multimodal handling is not fast to get and clear shipment from this mode of transport arrangements.

4.4.6 Business Environment

Table 4.9 Descriptive Statistics Value of Business environment

Item	Very Poor		Poor		Good		Very Good		Excellent		Mean	Std. Deviation
	F	%	F	%	F	%	F	%	F	%		
Ethiopian accession to WTO	4	5	5	6.2	14	17.5	42	52.5	16	20	3.7975	.97901
Overseas business network	51	63.8	16	20	11	13.8	1	1.3	1	1.3	1.5625	.86922
Developing business through regional integration	46	57.5	20	25	10	12.5	3	3.8	1	1.3	1.6625	.92700
Current Business is appealing to do Logistics activity	48	60	18	22.5	12	15	2	2.5			1.8500	2.42925

Source: SPSS Output

Ethiopian accession to WTO

In Table 4.9 above, the respondents were asked to express their level of agreement with the question ‘How do you see Ethiopia accession to WTO commencement in effect to boost competitiveness in global market?. The results show that 20% have replied excellent and other 52.5% have also stressed the same by replying very good. Only 6.2% and 5% expressed their disagreement by replying poor and very poor, respectively. This implies that if the accession comes true, it will encourage trade and investment across borders which plays a pivotal role for logistics sector to get more business.

Overseas business network

The results in Table 4.9 reveal that 63.8% and 20% claimed that overseas business network logistics service providers as very poor and poor, respectively. This implies that most logistics service providers’ in Ethiopia do not have overseas business networks which play significant role in developing business overseas, competitiveness and sustainability within the sector. Logistics service providers are not able to create business integration across and this hamper their competitiveness with in Africa specifically and in general to the world.

Developing business through regional integration

Concerning developing business through regional integration most of respondents which constitute 57.5% and 20 % replied Very poor and poor, respectively. This implies most of logistics service providers are not able to integrate with regional business development to boost their business horizon.

Current Business is appealing to do Logistics activity

Respondents were asked their opinion in regards to whether current business is appealing to do logistics activity. 60 % and 22.5% replied as Very poor and poor. Further investigation through interview indicates that due to hard currency issue most importers has faced difficulty to import items and this magnified and impede logistics service providers to get business and questioned their survival if situation persist.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

This study found out that the logistic service providers' performance have predicaments to exert the expected performance and is still at the early stage compared to others. Well-developed logistic process is pertinent for logistics service providers to exert their performance. Logistic performance is the sum of the performance of the stakeholders within the system.

According to the data analysis in the previous section, summary of the findings is presented as follows.

- Custom Clearance, based on the output there is significant delay on custom clearance which has significant impact on logistics service providers' performance.
- Regulatory agencies are not integrated with custom to exert their responsibility to the expected level and this contributed to less performance of logistics service providers'.
- Skilled human resource this as per the output entails that there is no capable human resource to perform well in the logistics industry.
- Business environment, lack of business development and integration with countries are not in a position and this added together in slowing down logistics service provider's performance on logistics process.
- Regulatory enforcement, system inefficiency of major players of ERCA & EMAA and this failed guidance on procedure delayed to perform well on routine logistics activities of logistics service providers.
- Congestion at the port entails as per the data that there is significant delay and poor coordination of port operator to synchronize with stakeholders to speed up the clearance process.

5.2 CONCLUSION

This study aimed to investigate factors influencing logistics performance in some selected logistics service providers'. The key factors related to the logistics service providers' performance are identified. Accordingly, based on findings in the previous section, the following conclusions were drawn.

- **Custom Clearance** is characterized by paper intensive, time taking, unnecessary bureaucracy and repetitive checking leads to complicated custom clearance procedure. People assigned to take custom clearance doesn't have enough knowledge to undertake custom clearance and this leads to delay to get out shipment from custom compound.
- **Regulatory Agencies**, there seems to exist no organized way of reading among major stakeholders. Among the major stakeholders one of them for import as well export shipments are regulatory agencies. It looks like there no integration with customs system to speed up the process of releasing goods rather dependent on manual inspection resulted in delay for import and export process.
- **Skilled human resource:** There is scarce resource of qualified and skilled human resource in the sector and this reflected on each import and export process. Each phase demands human touch and is highly dependent on assigned personnel skills and knowledge to move the process fast. This scarcity aggravated due to non-presence of training in the sector.
- **Regulatory Enforcement**, stakeholders like ERCA & EMAA are not much supportive to logistics service providers' in developing guidelines. Measures to enhance and develop the skills of logistics service providers are failed from this sectors.
- **Congestion at the port**, the efficiency of dry port at Modjo for both multimodal and unimodal shipment are not entertained at the expected level of anticipation. This inefficiency of dry port contributed to less functioning of logistics service providers' performance.

- **Business Environment**, it is obvious that logistics sector is the most indispensable factor for the overall growth and development of the country. The findings indicated efforts from logistics service providers' to enhance their capacity to strengthen overseas business network ,poor regional integration in developing business and current business scenario are not allowed logistics service providers' to flourish to grow. In addition WTO accession will be conducive to enhance and interact business and trade relationship with the rest of world.

5.3 RECOMMENDATIONS

Based on the above conclusions, the researcher suggests the following points as credible recommendations to the problem.

- It is recommended that most critical supporting organizations such as ERCA, EMAA and regulatory agencies prepare accountable and effective special one-window access to this sector to reduce and avoid manual inspection for their services. The government also needs to benchmark the logistics experiences of successful countries to support this sector.
- The logistics providers can also measure their logistics performance using different metrics like productivity, quality service and KPI. This will help them to easily know their gap and take the required corrective actions to be able to integrate with the changing environment to get more business and sustain their existence.
- Since it is one of the priority sectors that get a great consideration, the government is expected to increase the efficiency of custom officers and arrange training to boost their performance. Customs clearance procedures can be simplified so that firms' waiting time will be reduced significantly and access to get release of shipments will be improved.

- Short-term as well as long-term trainings and workshops on logistics service providers from ERCA & EMAA so as to equip personnel engaged in logistical service providers to well understand guidelines, procedures and its applications to smooth and fast import and export process.

- Ethiopian government has to modernize dry port/terminal facilities to match the current demand in line with best practices which enable the flow of goods and services to the required level.

- Logistics service providers have to take the opportunity of government lifting the restrictions and allowing international logistics providers to enter to the business and get the knowledge to be competent. Logistics service providers have to develop a strategy to work with concerned stakeholders to align with a strategy to work in one window service system to expedite import and export service.

- Creating collaboration for joint activities with local/foreign universities, research and training institutions and developing other options in the use of business environment to move forward and make the sector more attractive to work and enhance performance of key players.

- Policy makers have to plan and design a platform to boost the performance of logistics service providers.

- Generally, it would be better for all stakeholders to work with equal commitment, integration and sense of urgency to strengthen the logistics performance and to improve the competitiveness of this sector on the international market.

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APPENDICES

APPENDIX I

St. Mary's University School of Graduate Studies School Of Business

A Master Thesis on Assessment of factors on logistics practice performance: The case of some selected logistics service providers'

Dear respondents,

I am a graduate student of Business Administration in General Management at St. Mary University, Addis Ababa. I am currently conducting a research study on "Assessment of factors on Logistics practice Performance: The case of some selected logistics service providers" required for the fulfillment of MA degree in Business Administration in General Management. This research is fully endorsed by St. Mary University, School of Graduate Studies.

The aim of this study is to assess factors influencing logistics performance: The case of some selected logistics service providers performance in terms of regulatory enforcement, custom clearance, congestion at the port, skilled HR, business environment and customs stakeholders' indicators. The findings would benefit apparently all stakeholders of the enterprise including the management, clients, employees and citizens of the nation. The results from this study would help to identify bottlenecks, waste, problems and improvement opportunities in the logistic operational performance of the sector.

Your participation will form a critical part of the research. So, your genuine, frank and timely response is vital for successfulness of the study. Therefore, I kindly request you to respond to each items of the question very carefully.

The study is purely for academic purpose and thus shall not affect you in any case. Besides, your responses will be treated with the strictest confidence. No reference will be made to any

individual and the information will be reported in an aggregate form. A summary of my finding will be provided upon request.

I can be contacted via phone or email at the address listed below. If you have any queries please do not hesitate to contact me. I thank you in advance for your cooperation and consideration.

Sincerely,

Fitsum Mengesha

St. Mary's University

School of Graduate studies

Tel: +251911573357

Email: mamemeli@hotmail.com

General Instructions:

- There is no need of writing your name
- Where answer options are available please tick (√) in the appropriate box for part I and tick for your response to each statements of part II.

Thank you for scarifying your precious time in advance!

PART I: Demographic Information

1. Educational Information

Grade 10 completed Grade 12 Completed Certificate

College Diploma First Degree Second Degree & Above

2. Job title

Director Manager Supervisor Other -----

3. Years stayed at the organization

Less than 2 Years 2-5 years 6-10 years Over 10 Years

4. Your department/Work unit-----

PART II: Major factors influencing logistic process

Indicate your level of agreement with regard to factors influencing logistics process, please tick the appropriate number to indicate the extent to which you agree or disagree with each statement. The item scales are five-point rating Scale with 1 =Very poor, 2 =poor, 3 =good, 4 =very good, & 5=Excellent

Custom Clearance		Very poor 1	Poor 2	Good 3	Very Good 4	Excellent 5
1	The employee who serves the customer has enough knowledge.					
2	Time to solve customer complaint is short.					
3	How do you evaluate the accountability of the institute?					
4	Due to different reasons there is delay on custom clearing activities.					
5	How do you evaluate the customs procedure adopted recently?					
6	Do you believe corruption has impact on custom clearance?					
Regulatory Agencies						
1	How do you see the efficiency of regulatory agencies?					
2	The time it takes between you place import/export permit received as you expected.					
3	How do you see operational procedure of the agencies?					
4	Do you believe accessibility of guidelines is available?					
Skilled Human Resource						
1	How do you evaluate the competence of logistics service providers?					
2	How do you see the initiatives from Freight forwarding association to arrange training on logistics?					
3	Do you believe the company you work for has adequate qualified staff?					
Regulatory enforcement						

1	How do you evaluate customs clearance dependence on paper intensive system?					
2	How do you evaluate Ethiopian Revenue and Customs Authority involvement in developing new guideline to speed up process?					
3	Does EMMA proactively help logistics service providers?					
4	How conducive are the regulations of investment authority in opening the door for foreign logistics service providers?					
Congestion at the port						
1	How do you evaluate the overall port operation & service.					
2	How do you see the facilities at Modjo dry port?					
3	How do you evaluate the professionalism of port operator staff?					
4	How do you evaluate door to door service through multimodal handling?					
Business Environment						
1	How do you see Ethiopia accession to WTO commencement in effect to boost competitiveness in global market?					
2	How do you see business networks you have across the globe on logistics?					
3	The organization I work for has good regional integration to develop the business.					
4	The current business environment is appealing to do logistics activities.					

If you have general comments about possible factors influencing logistics process on performance of logistics service providers, put your ideas in the space provided below.

APPENDIX II

St. Mary's University School of Graduate Studies School Of Business

A Master Thesis on Assessment on factors on logistics practice performance: The case of some selected logistics service providers'

Interview questions

Thank you for your precious time to spend with me in regards to a research study on "Assessment on factors on Logistics Practice Performance: The case of some selected logistics service providers" required for the fulfillment of MA degree in Business Administration in General Management.

Interview questions with the top managers of Logistics service providers and Logistics Manager

1. What can you say about your company's logistics performance?
2. How do you evaluate your logistics performance?
3. What are the major problems in the current logistics practices?
4. Do you believe there is adequate and educated man power in related to logistics?
6. What type of technology adopted to improve its logistics performance?
7. How do you evaluate customs operation process & time taken?