

**St. Mary’S University**

**SCHOOL OF GRDUATE STUDIES**

ASSESMENT OF FINANCIAL MANAGEMENT SYSTEM:

 THE CASE OF ETHIOPIAN SHIPPING AND LOGISTICS SERVICE

ENTERPRISE

BY

GOBEZIE TEMESGEN REDIE

 JUNE 2020

 ADDIS ABABA, ETHIOPIA

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BY

GOBEZIE TEMESGEN REDIE

A THESIS SUBMITTED TO ST. MARY’S UNIVERSITY, SCHOOL OF GRATUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS DEGREE IN BUSINESS ADMINISTRATION (GENERAL MANAGEMENT).

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MBA PROGRAM

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# DECLARATION

I declare that the research entitled ‘‘Assessment of financial management system the case of ESLSE’’ is my original work, prepared under the guidance of Asst. Pro Asmamaw Getie. All sources of material used for the research have been duly acknowledged.

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# ENDORSEMENT

This thesis has been submitted to St. Mary’s University, School of Graduate Studies for examination with my approval as a University advisor.

Asmamaw Getie

 Advisor Signature

St. Mary’s University, Addis Ababa June,2020

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# ACRONYMS

1. ESLSE Ethiopian shipping and logistics service enterprise.
2. RRR Required rate of return.
3. IFRS International financial reporting standards.
4. IASB International accounting standards board.
5. SPSS statistical packaging of the social science.
6. ERP Enterprise resource planning.
7. MOS Multimodal operation system
8. DCS Djibouti container service

# *ABSTRACT*

 *This study investigated the financial management system that takes place in Ethiopian shipping and logistics service enterprise multimodal sector with the objective of identifying different causes that are affected the delay of payment and collection invoices. Descriptive Research Design approach used to describe the situations. Both probability and non probability techniques were used to select respondents and data gathered from both primary and secondary sources. Stratified and simple random and purposive sampling was used to select the study participants. Questionnaires, direct observation and interview were used for data collection. Descriptive statistics such as: percentage, mean value, and frequency were employed for data analysis. Based on the data analysis the following findings were forwarded. The finding show that the company’s current payment and collection system was based on paper work. From this perspective the payment and collection system and procedure were not faster rather that needed more employees’ effort and takes more time to perform payment and collection invoices. When payment and collections invoices preparation delay; the company’s transaction also cannot be faster and that affects the overall profitability. The main finding shows there was no E- payment, repetitive unnecessary documents, delay of payment and receivables, ERP not applied properly, and there were no sophisticated system to expedite the transaction. In general the researcher recommended that the enterprise should decrease or avoided paperwork,apply E-payment, and improve the financial activities system and procedures to speed up the transaction and to increase the profit margin.*

*Key concepts: payments, receivables (demurrage & overweight), financial management systems and procedures*.

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# CHAPTER ONE

# INTRODUCTION

## 1.1 Back ground of the study

 Finance may be defined as the art and science of managing money. Finance is defined as the management of money and includes activities like investing, borrowing, lending, budgeting, saving, and forecasting. Finance is the study of money and how it is used. Specifically, it deals with the questions of how an individual, company or government acquires the money needed and how they then spend or invest that money. Finance is often split into three areas: [personal finance](https://en.wikipedia.org/wiki/Personal_finance), [corporate finance](https://en.wikipedia.org/wiki/Corporate_finance) and [public finance](https://en.wikipedia.org/wiki/Public_finance).  A major focus within finance is [investment management](https://en.wikipedia.org/wiki/Investment_management) called [money management](https://en.wikipedia.org/wiki/Money_management) for individuals, and [asset management](https://en.wikipedia.org/wiki/Asset_management) for institutions and finance then includes the associated activities of [securities trading](https://en.wikipedia.org/wiki/Securities_trading), [investment banking](https://en.wikipedia.org/wiki/Investment_bank), [financial engineering](https://en.wikipedia.org/wiki/Financial_engineering), and [risk management](https://en.wikipedia.org/wiki/Risk_management)(PK, 2008).

As (Besley, 2009),stated finance is a real sense, the cornerstone of the enterprise system –good financial management is vitally important to the economic health of business firms, and hence to the nation and the world. Because of its importance, finance should be widely and thoroughly understood, but this easier said than done. The field is relatively complex, and undergoing constant change in response to shifts in economic conditions. All of this makes finance stimulating and exciting, but also challenging and sometimes perplexing.

The major areas of finance are: financial service and managerial finance. Financial service is concerned with the design and delivery of advice and financial products to individuals, businesses and government with in the areas of banking and related institutions. Financial management is concerned with the duties of the financial managers in the business firm.

Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise. Financial management concerns how to acquire financial resources, allocation and control of financial resources and how to invest in appropriate investment.

Financial management is alternatively called: business finance, managerial finance and corporate finance. (Menamin, 2005), All of these terms refer to the management of the essential investing and financing activities which business firms must undertake to produce the goods and services.

More specifically, financial management is about: analyzing financial situations, making financial decisions, setting financial objectives, formulating financial plans to attain those objectives, and providing effective systems of financial control to ensure plans progress towards the set of objectives.

Financial Management is a vital activity in any organization. It is an ideal practice for controlling the financial activities of an organization such as procurement of funds, utilization of funds, accounting, payments, risk assessment and every other thing related to money. In other terms, financial management is the application of general principles of management to the financial possessions of an enterprise. Proper management of an organization’s finance provides quality and regular service to ensure efficient functioning. If finances are not properly deals with an organization will face barriers that may have severe repercussions on its growth and development.

There are several options that one can use for managing their finances, this could be either  managing them on your own, hire a full time employee, hire a part time accountant or a third party who manages all finance related activities for you, for example a Chartered Accountant.

Most often organizations have a dedicated department that looks after the financial matters of the company. A finance manager is designated for handling finance and managing its resources within an enterprise.

Financial management procedures are: preparing budget, cash forecasting, cash handling, check issuance and cash disbursement, bank reconciliation, and prepare petty cash fund.

Financial management is the art of synchronizing cash receipt and cash payments for effective cash management in an organization.

Financial management is concerned with the managing of cash flows in to and out of the firm, cash flow within the firm, and cash balances held by the firm at a point of time by financing deficit or investing surplus cash.

Financial management is also important because it is difficult to predict flows accurately, particularly the inflows, and there is no perfect coincidence between the inflow and out flows of cash.

In order to meet the different requirement of cash, there are certain techniques, strategies and models which are adopted for optimum cash balance. Financial management consists of payments, credit sales, purchase on credit and receipt on credit.

## 1.2 Statement of the problem

Finance is defined as the management of money and includes activities like investing, borrowing, lending, budgeting, saving, and forecasting. Finance is a life-blood of any types of organizations such as: governmental, non-governmental, profit making, not for profit, and religions (Sna, 2007).

In general, the term ‘finance’ is understood as provision of funds as and when needed. Finance is the essential requirement- sine qua non- of every organization.

Required Everywhere: All activities, be it production, marketing, human resources development, purchases and even research and development, depend on the adequate and timely availability of finance both for commencement and their smooth continuation to completion. Finance is regarded as the life-blood of every business enterprise.

Efficient Utilization More Important: Finance function is the most important function of all business activities. The efficient management of business enterprise is closely linked with the efficient management of its finance. The need of finance starts with the setting up of business. The funds have to be raised from various sources. The sources have to be selected keeping in relation to the implications, in particular, risk attached. Raising of money, alone, is not important. Terms and conditions while raising money are more important. (CA, 2008).

The mobility and usage of assets determine the economic environment of a nation. Conducive economic environment attracts investment, which in turn influences the development of the economy. One of the essential criteria for the assessment of economic development is the quality and quantity of assets in a nation at a specific time.

Assets in any economy can be broadly grouped in to physical, financial, and intangible assets based on their distinct characteristics. In a macro sense, financial assets are regulated by the government of an economy. Financial assets smooth the trade and transactions of an economy and give the society a standard measure of valuation. Money or cash is the basic financial asset created by the government of an economy. The extent of flow of this financial asset has to be regulated in an economy for the demand and supply of funds to mach. (R.Madhumathi,2009).

Financial systems are of crucial significance to capital formation. That adequate capital formation is indispensable to speedy economic development is universally recognized in academic literature. The main function of financial system is the collection of savings and their distribution for industrial investment, thereby stimulating the capital formation and, to that extent, accelerating the process of economic growth. The process of capital formation involves three distinct, although inter-related activities: savings, finance, and investments(M.Y & P.K, 2007).

Financial activities of a firm is one of the most important and complex activities. Therefore in order to take care of these activities a financial manager performs all the requisite financial activities. Financial management is a vital activity in any organization. It is the process of planning, organizing, controlling, and monitoring financial resources with a view to achieve organizational goals and objectives. It is an ideal practice for controlling the financial activities of an organization such as procurement of funds, utilization of funds, accounting, payments, risk assessment and every other thing related to money. In other terms, financial management is the application of general principles of management to the financial possessions of an enterprise. Proper management of an organization’s finance provides quality fuel and regular service to ensure efficient functioning. If finances are not properly dealt with an organization will face barriers that may have severe repercussions on its growth and development.

In conceptual terms the strength of the cash flow with in a company is a better indicator of the health of the company’s reported profit and loss statements.

The internal auditor is an employee of the business entity and his functions include strengthening the internal controls, safeguarding business assets, security and risk management and making sure that company policies are being followed. The internal auditor plays a very important role because many companies fail because internal controls are so weak that wrongdoings are easily committed for long periods of time without being detected. If companies do not safeguard their assets, in due time many of them collapse as there are no more assets to back up the operations of the business.(Sna, 2007).

* In Ethiopian shipping and logistics service enterprise there are a problems of unnecessary repetitive documents those takes more time and efforts to make payment. And also there is far apart of invoice preparation department and finance department, far from invoice preparation and approval and authorization these leads to delay of payment and collection and lose of documents. There is mismanagement of payment and collection documents. There is no electronic payment, effective use of soft ware and systems such as Oracle, enterprise resource planning (ERP). And also in supervisory level there is no segregation of duties (supervisors not approve or verify payments and collections) to control payments and collections. As developmental and profit making organization ESLSE still now not adapt the necessary systems and not avoid unnecessary repetitive documents in order to expedite transactions.

These problems are leads to delay of transactions (payment and collection), double payment, and unnecessary controversies between management and employees. Customers also complain when delay their invoice at the time of payment.

Thus, the entire effort of this study was revolve in Ethiopian Shipping and Logistics Service Enterprise multimodal sector payment and collection system seeking answers to the following basic research questions.

## 1.3 Research questions

* How used systems and soft ware to speed up payments in the organization?
* In what extent the organization uses E-payment?
* In what extent employees and financial management efforts and commitments to manage financial asset in the organization?
* What procedures used the organization to manage its payments and receivables?

## 1.4 Objective of the study

### 1.4.1 General Objective

The general objective of the study was to assess the determinants of delay of payments and receivables that takes place in Ethiopian Shipping and Logistics Service Enterprise multimodal transport.

### 1.4.2 Specific Objectives

- To identify the collection and payment procedures and system used by the enterprise.

- To identify the cause of delay of transport payment and receivables in the enterprise multimodal sector.

- To assess whether proper usage of soft ware and systems to manage financial asset in the organization.

## 1.5Significance of the Study

This research finding expected to show some light for the financial management of ESLSE to begin to adapt systems and soft ware and to improve the system of financial management. Furthermore the study may assist the financial management that by associating the important implication of systems and soft ware so that it can be used as a base form of fast transaction and more profitable. The findings of this study also redound to the customers’ satisfaction and play an important role in employees’ motivation. Data produced from this study was be used to show the major weakness of enterprise payment and collection procedures and system and provide insight in to the issue of furthering responsible control of financial assets. In addition, it hoped that this research be the beginning of an ongoing body of research into the issue of financial management system and expected to improve the system and procedures regarding transport payments and collection of overweight and demurrage.

## 1.6 Scope of the Study

 Because of time and budget constraints, this study has been limited to geographical location and the sample was restricted to three departments at head office of Ethiopian Shipping and Logistics Service Enterprise multimodal transport in Addis Ababa. It does not consider the branch offices of the enterprise. This research was also delimited to the data collection tools used. There were data collection tools such as: questionnaire, interview, and direct observation the researcher used for this study.

## 1.7Organization of the Study

The study was divided in to five chapters: chapter one introduction of research report. In this part of study includes background of the organization and background of the study. Chapter two covers review of literatures. In literature of review includes different books, manuals and articles. Chapter three deals with

research design and methodology. In this chapter identify types of data (primary and secondary data) and methods of data collection; interview, direct observation and questioner. Chapter four focuses data analysis and interpretation. In this part interpret both primary and secondary data by using table and graph. And chapter five present summary of findings, conclusion and recommendation.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Concept of Financial Management

Financial management itself involves understanding and properly controlling, allocating, and obtaining a company’s assets and liabilities, including monitoring operational financing items like expenditures, revenues, accounts receivable and payable, cash flow, and profitability. (https://www.investopedia.com)

As (CA, 2008), stated that the term ‘funds’ has been defined in a number of ways. They are:

1. In the narrow sense: Here, the term ‘funds’ refer to cash only. Transactions that involve cash only are taken. Cash flow statement is prepared, in this approach, where only cash receipts and disbursements are included; it is a summary of cash transactions.
2. In the popular sense: ‘funds’ refer to working capital, the excess of current assets over current liabilities. Total resources of a business are invested in fixed assets and working capital, the later is partly in the liquid form.
3. In the broader sense: The term ‘funds’ refer to financial resources, in whatever form, they may exist.

## 2.2 Financial Assets

 Financial asset is a non-physical asset whose value is derived from contractual claim, such as bank deposits, bond, and stocks. Financial assets are usually more liquid than other tangible assets, such as commodities or real state, and may be treated on financial markets. https://corporatefinanceinstitute.com

According to International Financial Reporting Standard a financial asset can be:

1. Cash and cash equivalent.
2. Equity instruments of another entity.
3. Contractual right to receive cash or other financial assets from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
4. A contact that will or may be settled in the entity’s own equity instruments. (<https://en.wikipedia.org>).

## 2.3 Definition of Finance Function

As(Parresh , 2010)stated the three important activities of a firm are finance, production, and marketing. To carry on these activities, the firm secures the necessary capital, employs finance and generates returns on the invested capital (production and marketing activities). Thus the term finance function can be defined as follows: It involves the task of providing funds needed by the enterprise on terms that are most favorable in the light of this objective. In other words, it can be defined in simple terms as procurement of funds, and their effective utilization in the business.

Henry Ford remarked; “Money is an arm or leg, you either use it or lose it”. This remark explains the significance of money or cash. The Encyclopedia of Britannica defines finance ‘as the act of providing the means of payment.

As (CA, 2008), stated cash is one of the most significant and important current assets of an organization. Cash is needed to make purchase of raw materials, payment of wages and meeting day-to-day expenses for every type of activity including entertainment expenditure. Development of business and faster growth are dependent on adequate and timely availability of cash. In fact, what blood is to a human body? Cash is similar to any business enterprise. Both adequacy and timely availability are essential for the success of any firm’s activities. Therefore, management of cash is of vital importance to any enterprise.

## 2.4Financial Planning

In simple terms, financial planning may be referred to as the assessment of financial requirements and a clear arrangement of various sources of capital so as to optimize on the cost and increase return to shareholders and accommodate at all times the carrying of the assets.

According to Soloman and Pringle, “Narrowly conceived, financial planning may refer to the process of determining the financial requirements and financial structure necessary to support a given set of plans in other areas”. Thus, financial planning is the act of deciding in advance, the financial activities that are necessary, if the firm is to achieve its primary goals(Parresh , 2010).

## 2.5 Sources of Finance

Sources of finance for business are: equity, debt, debenture, retained earnings, term loans, working capital loans, letter of credit, and euro issue, venture funding etc. These sources of funds are used in difference situations. They are classified based on time period, ownership and control, and their sources of generation.(<https://efinancemanagement.com>).

Sources of capital are the most exportable are especially for the entrepreneurs who are about to start a new business. Choosing the right source and the right mix of finance is a key challenge for every finance manager. The process of selecting the right source of finance involves in depth analysis of each and every sources of fund. For analyzing and comparing the sources, it needs the understanding of all the characteristics of the financing sources. There are many characteristics on the basis of which sources of finance are classified.(<https://efinancemanagement.com>)

On the basis of a time period, sources are classified as long-term, medium-term, and short-term. Ownership and control classify sources of finance in to owned and borrowed capital. Internal sources and external sources are the two sources of generation of finance.

### 2.5.1 According to Time Period

Sources of financing a business are classified based on the time period for which the money is required. The time period is commonly classified into the following.

Table2. 1Classification of sources of finance

|  |  |  |
| --- | --- | --- |
| **Long term source of finance /fund** | **Medium term sources of finance/funds** | **Short term sources of finance/funds** |
| Share Capital or Equity Shares | Preference Capital or Preference Shares | Trade Credit |
| Preference Capital or Preference Shares | Debenture / Bonds | Factoring Services  |
| Retained Earnings or Internal Accruals | Lease Finance | Bill Discounting etc. |
| Debenture / Bonds | Hire Purchase Finance | Advances received from customers |
| Term Loans from Financial Institutes, Government, and Commercial Banks | Medium Term Loans from Financial Institutes, Government, and Commercial Banks | Short Term Loans like Working Capital Loans from Commercial Banks  |
| Venture Funding |  ----------- | Fixed Deposits (<1 Year) |

 (<https://efinancemanagement.com>).

|  |
| --- |
|  |

1. **Long-term sources finance**

Long-term financing means capital requirements for a period of more than 5 years to 20 years or may be more depending on other factors. Capital expenditures in fixed assets like plant and machinery, land and building of business are funded using long-term sources of finance.

1. **Medium-term sources of finance**

Medium-term financing means financing for a period of 3 to 5 years and used two reasons. One when long-term capital is not available for the time being and second when deferred revenue expenditures like advertisements are made which are to be written off over a period of 3 to 5 years.

1. **Short-term sources of finance**

Short-term financing means financing for a period of less than 1 year. The need for short-term finance the current assets of a business like an inventory of raw material and finished goods, debtors, minimum cash and bank balance. Short-term financing is also named as working capital financing. (<https://efinancemanagement.com>).

### 2.5.2 According to Ownership and Control

Sources of finances are classified based on ownership and control over the business. These two parameters are an important consideration while selecting a source of funds for the business.

Table2. 2classification of owner of finance

|  |  |
| --- | --- |
| **Owned Capital** | **Borrowed Capital** |
| Equity | Financial institutions, |
| Preference | Commercial banks  |
| Retained Earnings | The general public in case of debentures. |
| Convertible Debentures | ------- |
|  (<https://efinancemanagement.com>). |

1. **Owned capital**

Owned capital also refers to equity. It is sourced from promoters of the company or from the general public by issuing new equity shares. Promoters start the business by bringing in the required money for a startup. When the business grows and internal accruals like profits of the company are not enough to satisfy financing requirements, the promoters have a choice of selecting ownership capital or non-ownership capital. (<https://efinancemanagement.com>).

Owned capital is a long-term capital which means it stays permanently with the business. There is no burden of paying interest or installments like borrowed capital. So the risk of bankruptcy also reduces. Business in infancy stages prefers equity for this reason.

1. **Borrowed capital**

Borrowed or debt capital is the finance arranged from outside sources. (<https://efinancemanagement.com>).

## 2.6 Principles of Financial Management

1. **The risk return tradeoff**

Investment alternative have different amounts of risk and expected returns. Investments sometimes choose to put their money in risky investments because these investments offer higher expected returns. The more risk an investment has, the higher will be its expected return. (Mrtin,2003)

Figure2. The risk-return relationship

 Expected

 return Expected return for

 taking on added risk

Expected return for delaying consumption

Risk

This risk return relationship will be a key concept as we value stocks, bonds, and proposed new projects.

1. **The time value of money**

A fundamental concept in finance is that money has a time value associated with it. A dollar received today is worth more than a dollar received a year from now. Because, we can earn interest in money received today, it is better to receive earlier rather than later.

1. **Cash not Profits is King**

In measuring wealth or value, we will use cash flows, not accounting profits, as our measurement tool. That is, we will be concerned with when the money hits our hand, when we can invest it and start earning interest on it awe can give it back to the shareholders in the form of dividends. It is the cash flows, not profits; those are actually received by the firm and can be reinvested. Accounting profits, on the other hand, appear when they are earned rather than when the money is actually in hand. As a result, a firm’s cash flows and accounting profits may not be the same.

1. **Incremental Cash Flows**

In making business decisions, we are concerned with the results of those decisions. The incremental cash flow is the difference between the cash flows if the project is taken on versus what they will be if the project is not taken on.

1. **The Curse of Competitive Markets**

Financial managers look closely at the mechanics of valuation and decision making and focus on estimating cash flows, determining what the investment earns, and valuing assets and new projects. The key to locating profitable investment projects is to first understand how and where they exist in competitive markets.

1. **Efficient capital markets – The markets are quick and the prices are right**

The goal of financial manager is the maximization of shareholders wealth. An efficient market is characterized by a large number of profit-driven individuals who act independently.

The implication of efficient markets are: the right stock prices and reflect all publicly available information regarding the value of the company and earnings manipulations through accounting changes will not result in price changes.

Stock splits and other changes in accounting methods that do not affect cash flows are not reflected in prices. Market prices reflect expected cash flows available to shareholders.

1. **The agency problem**

Although the goal of the firm is the maximization of shareholders’ wealth, the agency problem may interfere with the implication of his goal. The agency problem results from the separation of management and the ownership of the firm.

1. **Taxes bias business decision**

Hardly any decision is made by the financial manager without considering the impact of taxes. When the company is analyzing the possible acquisition of a plant or equipment, the returns from the investment should be measured on an after-tax basis. Otherwise, the company will not truly be evaluating the true incremental cash flows generated by the project.

1. **All risk is not equal**

Some risk can be diversified away, and some cannot.

Figure2. Reducing risk through diversification

 20

 Asset A

 Return (%)

 Combination

 10 of Asset A &B

 Asset B

 0 Time

There is an old saying, “don’t put all of your eggs in one basket.’’

Diversification allows good and bad events or observations to cancel each other out, thereby reducing total variability without affecting expected return.

1. **Ethical behavior is doing the right thing, and ethical dilemmas are everywhere in finance**

Ethical behaviors means “ doing the right thing.’’ As the lessons of Salomon Brothers and Dretel, Burnham Lmbert illustrate, ethical errors are not forgiven in the business world. Not only is acting in an ethical manner morally correct, it is congruent with the goal of maximization of shareholders’ wealth. (Mrtin,2003)

## 2.7 Functions of Financial Management

1. **Estimation of capital requirements:** A finance manager has to make estimation with regards to capital requirements of the company. This will depend upon expected costs and profits and future programs and policies of a concern. Estimations have to be made in an adequate manner which increases earning capacity of enterprise.
2. **Determination of capital composition:** Once the estimation has been made, the capital structure have to be decided. This involves short- term and long- term debt equity analysis. This will depend upon the proportion of equity capital a company is possessing and additional funds which have to be raised from outside parties.
3. **Choice of sources of funds:** For additional funds to be procured, a company has many choices like: issue of shares and debentures, loans to be taken from banks and financial institutions and public deposits to be drawn like in form of bonds.
4. **Investment of funds:** The finance manager has to decide to allocate funds into profitable ventures so that there is safety on investment and regular returns is possible.
5. **Disposal of surplus:** The net profits decisions have to be made by the finance manager. This can be done in two ways:
	1. Dividend declaration; it includes identifying the rate of dividends and other benefits like bonus.
	2. Retained profits; the volume has to be decided which will depend upon expansion, innovational, and diversification plans of the company.
6. **Management of cash:** Finance manager has to make decisions with regards to cash management. Cash is required for many purposes like payment of wages and salaries, payment of electricity and water bills, payment to creditors, meeting current liabilities, maintenance of enough stock, and purchase of raw materials.
7. **Financial controls:** The finance manager has not only to plan, procure and utilize the funds but he also has to exercise control over finances. This can be done through many techniques like ratio analysis, financial forecasting, and cost and profit control.

## 2.8Financial Management Decisions

 **1. Investment Decision**

One of the most important finance functions is to intelligently allocate capital to long term assets. This activity is also known as capital budgeting. It is important to allocate capital in those long term assets so as to get maximum yield in future. Following are the two aspects of investment decision.

1. Evaluation of new investment in terms of profitability.
2. Comparison of cut off rate against new investment and prevailing investment.

Since the future is uncertain therefore there are difficulties in calculation of expected return. Along with uncertainty comes the risk factor which has to be taken into consideration. This risk factor plays a very significant role in calculating the expected return of the prospective investment. Therefore while considering investment proposal it is important to take into consideration both expected return and the risk involved.

Investment decision not only involves allocating capital to long term assets but also involves decisions of using funds which are obtained by selling those assets which become less profitable and less productive. It wise decisions to decompose depreciated assets which are not adding value and utilize those funds in securing other beneficial assets. An opportunity cost of capital needs to be calculating while dissolving such assets. The correct cut off rate is calculated by using this opportunity cost of the required rate of return (RRR). (http://www.economicsdiscussion.net)

**2. Financial Decision**

Financial decision is yet another important function which a financial manger must perform. It is important to make wise decisions about when, where and how should a business acquire funds. Funds can be acquired through many ways and channels. Broadly speaking a correct ratio of an equity and debt has to be maintained. This mix of equity capital and debt is known as a firm’s capital structure.

A firm tends to benefit most when the market value of a company’s share maximizes this not only is a sign of growth for the firm but also maximizes shareholders wealth. On the other hand the use of debt affects the risk and return of a shareholder. It is more risky though it may increase the return on equity funds.

A sound financial structure is said to be one which aims at maximizing shareholders return with minimum risk. In such a scenario the market value of the firm will maximize and hence an optimum capital structure would be achieved. Other than equity and debt there are several other tools which are used in deciding a firm capital structure.

**3. Dividend Decision**

Earning profit or a positive return is a common aim of all the businesses. But the key function a financial manger performs in case of profitability is to decide whether to distribute all the profits tothe shareholders or retain all the profits or distribute part of the profits to the shareholder and retain the other half in the business.(http://www.economicsdiscussion.net)

It’s the financial manager’s responsibility to decide an optimum dividend policy which maximizes the market value of the firm. Hence an optimum dividend payout ratio is calculated. It is a common practice to pay regular dividends in case of profitability another way is to issue bonus shares to existing shareholders.

**4. Liquidity Decision**

It is very important to maintain a liquidity position of a firm to avoid insolvency. Firm’s profitability, liquidity and risk all are associated with the investment in current assets. In order to maintain a tradeoff between profitability and liquidity it is important to invest sufficient funds in current assets. But since current assets do not earn anything for business therefore a proper calculation must be done before investing in current assets.

Current assets should properly be valued and disposed of from time to time once they become non profitable. Current assets must be used in times of liquidity problems and times of insolvency. (http://www.economicsdiscussion.net)

## 2.9 Objectives of Financial Management

The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. The objectives can be-

1. To ensure regular and adequate supply of funds to the concern.
2. To ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share, expectations of the shareholders?
3. To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
4. To ensure safety on investment and funds should be invested in safe ventures so that adequate rate of return can be achieved.
5. To plan a sound capital structure there should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.
6. Profit maximization the main objective of financial management.
7. Wealth maximization means maximization of shareholders’ wealth. It is an advanced goal compared to profit maximization.
8. Survival of company is an important consideration when the financial manager makes any financial decision. One incorrect decision may lead company to be bankrupt.
9. Maintaining proper cash flow is a short run objective of financial management. It is necessary for operations to pay the day-to-day expenses such as: raw materials, electricity bills, wages, rent etc. A good cash flow ensures the survival of company.
10. Minimization on capital cost in financial management can help operations gain more profit. (https://en.wikipedia.org,)

## 2.10Scope of Financial Management

* Estimating the Requirement of funds: Businesses make forecast on funds needed in both short run and long run, hence, they can improve the efficiency of funding. The estimation is based on the budget.
* Determining the Capital Structure: Capital structure is how a firm finances its overall operations and growth by using different sources of funds. Once the requirement of funds has estimated, the financial manager should decide the mix of debt and equity.
* Investment of Fund: A good investment plan can bring business huge returns.
* To ascertain maximum profit as well as maintain the core value of the organization..

## 2.11Internal Control

One of the primary functions of management is to protect the assets of a business against avoidable loss. As a business grows in size and completely, it becomes increasingly important to organize the supervision of the bookkeeping and accounting records in a way that will (1) control the receipt payment of cash, (2) minimize or prevent the unauthorized payment of cash, (3) eliminate errors.

Employees must be carefully selected and trained and their duties, responsibilities, and authority clearly defined.

Cash is naturally vulnerable to theft or misuse. If it is handled and controlled properly, both the employer and the employee benefit-the employer safeguards the asset and the employee avoids suspicion inaccuracy or dishonesty. (Allen B. Sanders,1981).

Internal control –Integrated framework is the standard by which companies design, analyze, and evaluate internal control.

### 2.11.1 Elements of Internal Control

Budgets are formal quantitative statements of resources for carrying out planned activities over a given period of time. The terminology (CIMA-London) defines a budget as “a plan quantified in monetary terms, prepared and approved prior to a defined period of time.” Budget is one of the most important tools of management’s planning and control mechanism. (Subhsh Chandra Das,2013).

The three internal control objectives can be achieved by applying the five elements of internal control. These elements are as follows:

1. **Control environment;** is the overall attitude of management and employees about the importance of controls. Three factors influencing a company’s control environment are as follows:
2. Management’s philosophy and operating style.
3. The company’s organizational structure.
4. The company’s personnel policies.
5. **Risk assessment**; All businesses face risks such as changes in customer requirements, competitive threats, regulatory changes and changes in economic factors.
6. **Control Procedures**; Control procedures provide reasonable assurance that business goals will be achieved, including the prevention of fraud. Control procedures, which constitute one of the most important elements of internal control, including the followings:
7. Competent personnel, rotating duties, and mandatory vacations.
8. Separating responsibilities for related operations.
9. Separating operations, custody of assets, and accounting.
10. Proofs and security measures.
11. **Monitoring**; monitoring the internal control system is used to locate weakness and improve controls. Monitoring often includes observing employee behavior and the accounting system for indicators of control problems.
12. **Information and Communication**; Information and communication are an essential element of internal control. Information about the control environment, risk assessment, control procedures, and monitoring is used by management for guiding operations and ensuring compliance with reporting, legal, and regulatory requirements. Managements also uses external information to assess events and conditions that impact decision making and external reporting.(Duchac,2009)

### 2.11Objectives of Internal Control

The objectives of internal control are to provide reasonable assurance that:

1. Assets are safeguarded and used for business purposes.
2. Business information is accurate.
3. Employees and managers comply with laws and regulations.

## 2.12Temporary Investment

A firm should invest any seasonal excess of cash as it becomes available in order to maximize income by putting idle, nonrevenue-producing funds to work when they are not needed in the operations of the business. If it is expected that the funds will be needed in the near future, a temporary investment can be made; that is they can be temporarily invested in readily salable securities which management intends to hold for a relatively short period of time and then sell when funds are needed. (Duchac,2009).

## 2.13. International Financial Management

Multinational corporations have become central actors of the world economy and, in linking foreign direct investment, trade, technology and finance, they are a driving force of economic growth. The task of international financial manager is to make the best possible tactical decision that the market has to offer on liabilities, with in the strategic funding constraints set by currency demonstration, maturity, and capital structure(Bhalla, 2004).

Financial management comprises all firms are involved in international business, directly or indirectly, to such an extent that the managerial process must take into account the complexities of a multimarket, multicurrency environment.

Financial management is concerned with the maintenance and creation of economic value or wealth.

## 2.14 Statement of Cash flows

As(Marian Powers, 2009)stated cash flows are the lifeblood of a business. They enable a company to pay expenses, debts, and to invest in the assets it needs for its operations. Without sufficient cash flows, a company cannot grow and prosper.

## 2.15 Invoice

Invoice is a document prepared by the seller to inform the purchaser about the quantity supplied, rates and terms of payment at which goods were supplied trade discount if any allowed, incidental charges if any payable and the total amount payable by him. It is a purchase invoice or inward invoice for the purchase and a sales invoice or outward invoice for the seller. Entities in the purchase book are made on the basics of the purchase invoices received. Entities in the sales book are made on the basics of sales invoices received.(P.C, 2009).

## 2.16 Collection Efforts

Collection efforts influence the collection period. If customers take longer period, higher amount would be blocked in receivables. The lower the collection period, the lower the investment and vice versa. If collection efforts become slack, investment in receivables becomes more and becomes unprofitable for the firms. Slackness in collection is the main cause for creation of bad debt(CA, 2008).

## 2.17International Financial Reporting Standards

International Financial Reporting standards (IFRS) is a set of accounting standards, developed by the International Accounting Standards Board (IASB), that is becoming the global standard or the preparation of public company financial statements.

### 2.17.1 Advantage of International Financial Reporting Standards

* Having one accounting system will make a little less complicated for both the companies and the investor.
* Knowledge of IFRS is now essential for internationally active growing businesses.
* One global set of high-quality accounting standards and that IFRS is currently best positioned to fulfill that need.
* One reporting standard will make it more efficient for investors to research and compare financial statements globally and more effectively.

Higher market liquidity, more investment flows through foreign mutual funds, and more favorable terms in private debit contracting, grater analyst coverage, and lower stock return synchronicity. (https://www.investopedia.com/terms/i/ifrs.asp)

## 2.18 Segregation of Duty

Segregation of duties is a key principle in financial control, aiming to reduce risk of fraud and error. It involves breaking down processes so that no single person is responsible for every stage.

Segregation of duties also known as separation of duties is the concept of having more than one person required to complete a task. In business the separation by sharing of more than one individual in one single task is an internal control intended to prevent fraud and error.

When a single individual carries out all stages in a process with no checks, the potential exists for errors to be made or for fraud to occur. This may have a number of results, including financial loss (it is often not possible to recover payments made in error), and inaccurate information on the financial statements. In addition, there could be consequences for individuals making errors. (<https://finance.admin.ox.ac.uk>,).

# CHAPTER THREE

# Research Design and Methodology

## 3.1 Research Design

As (Pamela Schindler,2004) stated that research design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research. It includes an outline of what the investigator will do from writing hypotheses and their operational implications to the final analysis of data. A structure is the framework organization, or configuration of the relations among variables of a study.

A research design expresses both the structure of the research problem and the plan of investigation used to obtain empirical evidence on relation of the problem.

The research design was intended to provide an appropriate framework for a study. A very significant decision in research design process is the choice to be made regarding research approach since it determines how relevant information for a study was be obtained.

This study was employed well-structured questionnaires and interviews for financial management and employees to know how they feel about the system of financial management. Descriptive research design was more appropriate for this study and to introduce in order to describe the phenomena under study the researcher used qualitative and quantitative research approach.

## 3.2 Population and Sampling Design

In this study the population size was include employees in multimodal sector and finance department (both collection and payment) 300 employees in number. From these the researcher selected171employees as a sample by using simple random sampling technique and stratified sampling technique.

 The researcher used both probability and non-probability sampling techniques in order to make conclusion about the whole population.

For the study both probability and non- probability sampling techniques used to select the respective participants to be include in the sample size. Probability sampling used, as the total population was heterogeneous in terms of position, experiences and nature of the job but within a group they are homogenous, proportionate (ratio) stratified sampling technique, which was probability sampling technique was introduced to select the respective participants from each strata or group.

Non-probability sampling (purposive sampling technique) was used for having the desired information through making an in-depth interview from the respective participants by selecting them deliberately on the bases of their rich experiences and know how about the subject matter.

The sample size was determined by personal judgment and subjective decision based on the available budget.

* 1. **Sample Size**

Among 300 population of Ethiopian Shipping and Logistics Service Enterprise employees, the researcher used the following formula to determine the sample size which developed by Yamane(1967).

 n= N/ (1+N (e) ²)

Where:

N= population size =300

n = sample size

e = level of statistical significant (5%=0.05)

Therefore, the sample size (n) = 300/ (1+300\*(0.05)²=171

This sample size in this study was representing the whole population.

## 3.4Types of Data Collected and Used

In this study the researcher was collected both primary and secondary data. From primary data interview, direct observation and questioner. From secondary data the researcher used manuals and reports of the company.

## 3.5Methods of Data Collection

Methods of data collection were include both primary and secondary data sources, from the primary data sources the researcher was conducted interview with the financial manager of the company and direct observation. From secondary data sources the researcher used the manual and reports of the organization.

## 3.6 Methods of Data Analysis

In this research the researcher used the methods of descriptive analysis model and tabulation based on the available collected data. And collected data edited, coded and carefully checked for correctness before analyzed. Editing was done to improve the quality of data for coding, that involves the questionnaires to see if respondents responded to questions and see if there are blank responses or check if responses are reliable. Descriptive statics data analysis method was applied to analyze numerical data gathered using closed ended questions. The statistical packaging of the social science (SPSS) used for analysis to generate data array that be used for subsequent analysis of data. The findings were presented using tables. Because, tables are self-descriptive and shows mean and response frequencies as well as percentage of the respondents’ opinions on the intention of employees at Ethiopian Shipping and Logistics Service Enterprise.

## 3.7 Validity

As (Donald H. Mc. Burney,2007) stated validity is an indication of accuracy in terms of the extent to which a research conclusion corresponds with reality. Thomas Cook, Donald Campbell, and Laura Peracchio (1990) list four types of validity that must be considered in designing and evaluating a piece of research.

1. Internal validity extent to which a study provides evidence of a cause and effect relationship between the independent and dependent variables.
2. Construct validity extent to which the results support the theory behind research.
3. External validity how well the findings of an experiment generalize to other situations or populations.
4. Statistical validity extent to which data are shown to be the result of cause-effect relationship rather than accident.

## 3.8 Reliability

Reliability is an indicator of a measures internal consistency. Consistency is the key to understanding reliability. A measure is reliable when different attempts at measuring something converge on the same result.

For example, consider an exam that has three parts: 25 multiple choice question, 2 essay question and short answer/case. If a student gets 20 of 25 (80%) multiple choice questions correct, we would expect a student would also score about 80% on the case and essay portion of the exam.

Further, if a professor’s research tests are reliable, a student should tend toward consistence scores on all tests. So, the concept of reliability revolves around consistency. Think of a scale to measure weight. (Griffin,2014).

## 3.9Ethical Considerations

As research has its own code of ethics, the researcher followed the following ethical steps: honestly report data, results, methods and procedures, and publication status objectivity, integrity, carefulness, and openness. Confidentiality and privacy are the most corner stone of research activities in order to get relevant and appropriate data. The researcher assured the purpose of the research paper and confidentiality of any information gathered through questionnaire.

# CHAPTER FOUR

# DATA PRESENTATION AND INTERPRATATION

This part of the research deals with the analysis and discussion of the data gathered from the questionnaire survey, interview questions and secondary data. The main areas of concern in the research were to assess the payment and collection system and procedures in Ethiopian Shipping and Logistics Service Enterprise multimodal sector.

## 4.1Response rate of respondent

To make the analysis a total of 171 questionnaires were distributed to employees of ESLSE, out of these 163questionnaires were properly filled and returned back to the researcher that means the overall response rate of the study was 95%.

Table4. 1Response Rate

|  |  |  |
| --- | --- | --- |
| Questionnaires Distributed  | Questionnaires Returned  | Response Rate |
| 171 | 163 | 95% |

Source: Researcher survey

## 4.2 Background of Respondents

Table4. 2Background of Respondents

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Variable  | Category | Frequency | Percentage |
| 1 | Gender | Male | 95 | 58.3 |
| Female | 68 | 41.7 |
| **Total** | **163** | **100** |
| 2 | Age | 20-25 years old | 7 | 4.3 |
| 26-30 years old | 56 | 34.4 |
| 31-35 years old | 79 | 48.5 |
| 36-40 years old | 13 | 8.0 |
| 41-45 years old | 3 | 1.8 |
| Above 45 years old | 5 | 3.0 |
| **Total** | **163** | **100** |
| 3 | Education | College Diploma  | 9 | 5.5 |
| BA/BSC Degree | 123 | 75.5 |
| MA/MSC Degree | 31 | 19 |
| **Total** | **163** | **100** |
| 4 | Service | Less than 3 year | 6 | 3.7 |
| 3-5 years | 42 | 25.8 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 6-10 years | 75 | 46 |
| 11-15 years | 27 | 16.6 |
| Above 15 years | 13 | 8 |
| **Total** | **163** | **100** |

Source: Self survey

As indicated above, the gender of respondents from all respondents of employees, 95 (58.3%) of respondents were male and 68 (41.7%) of respondents were female employees. The research tried to gender based composition in ESLSE multimodal sector and finance work units and also make balanced in the data gathering process.

Age of respondents have been categorized in to six groups; from all respondents 7 (4.3%) of employees were 20-25 years old, 56 (34.4%) between 26-30 years old, 79 (48.5%) between 31-35 years old, 13 (8%) ranges 36-40 years old, 3(1.8%) 41-45 years old, and the remaining 5(3%) employees were above 45 years old. As indicated on the above table, majority respondents of employees aged more than 25 years old.

The educational status was categorized in to three parts. From all respondents those were included in this research, 9 (5.5%) employees were College Diploma, 123 (75.5%) employees had first degree, and 31 (19%) of respondents master’s degree holders. From survey, the result of data shows that most of the employees of the organization were educated and professional.

The respondents’ years of service in the organization was categorized in to five parts. As summarized in the above table, from a total of respondents who participated in this research, 6 (3.7%) employees have been less than3years of service, 42 (25.8%) employees were served 3-5 years, 75 (46%) employees have been 6-10 service years, 27 (16.6%) employees were served between 11-15 years, and the remaining 13 (8%) of respondents have been above 15 years of service.

## 4.3 ANALYSIS OF DATA COLLECTED FOR THE STUDY

The previous part of the study dealt with the general background of the respondents and this section presents analysis and discussion the collected data. The main objective of the data collected was to analysis the system of financial management and to understand the causes of delaines of payment and receivable invoices in ESLSE multimodal transport sector. All questionnaires or data collected were revolved why payment and collection invoices are delay, and what types of mechanism used to minimize delaines and to expedite the transaction time and what feelings of existing employees regarding the current system.

The questionnaires were designed according to Liker-scale type that respondents have to indicate whether they strongly agree, agree, not sure, disagree, and strongly disagree for each statement. Numeric value (5, 4, 3, 2, and 1) respectively was assigned to enable the quantitative analysis of the results. Descriptive statics frequency, percentage, mean and standard deviations were used to present and analysis the data gathered through the questionnaires.

Table4. 3Employees Related Issues

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item 1 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Employees are motivated and uses properly the new system | Strongly disagree | 29 | 17.8 | 2.68 | 1.27 |
| Disagree | 68 | 41.7 |
| Not sure | 2 | 1.2 |
| Agree | 54 | 31.1 |
| Strongly agree | 10 | 6.1 |
| **Total** | **163** | **100** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item 2 | Alternative/options | Frequency | Percent | Mean | Std.D |
| There is well integration between finance department and invoice preparation | Strongly disagree | 24 | 14.7 | 2.78 | 1.25 |
| Disagree | 65 | 39.9 |
| Not sure | 6 | 3.7 |
| Agree | 58 | 35.6 |
| Strongly agree | 10 | 6.1 |
| **Total** | **163** | **100** |
| Item 3 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Supervisors participate to approve and authorize payments | Strongly disagree | 40 | 24.5 | 2.44 | 1.3 |
| Disagree | 73 | 44.8 |
| Not sure | 4 | 2.5 |
| Agree | 30 | 18.4 |
| Strongly agree | 16 | 9.8 |
| **Total** | **163** | **100** |
| Item 4 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Employees have knowledge and understand about E-payment (Electronic Payment) | Strongly disagree | 49 | 30.1 | 2.2 | 1.19 |
| Disagree | 75 | 46 |
| Not sure | 5 | 3.1 |
| Agree | 24 | 14.7 |
| Strongly agree | 10 | 6.1 |
| **Total** | **163** | **100** |
| Item 5 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Current system reduce cost and employees’ effort | Strongly disagree | 40 | 24.5 | 2.49 | 1.25 |
| Disagree | 63 | 38.7 |
| Not sure | 6 | 3.7 |
| Agree | 47 | 28.8 |
| Strongly agree | 7 | 4.3 |
| **Total** | **163** | **100** |

Source: Self survey

As indicated in the above table for the statement of employees are motivated and uses properly new system, 29(17.8%) of respondents strongly disagreed, 68(41.7%) disagreed, 2(1.2%) not sure, 54(31.1%) of respondents agreed, and 10(6.1%) strongly agreed. The gathered data result indicates 97(59.5%) respondents disagreed and the mean value is 2.68 about the statement of employee’s motivation and uses the new system properly. So employees were not motivated and not use properly the new system, and one of the means of delaine of payment.

For the statement of there is well integration between finance department and invoice preparation, 24(14.7%) of respondents strongly disagreed, 65(39.9%) disagreed, 6(3.7%) not sure, 58(35.6%) agreed, and 10(6.1%) of respondents disagreed. As the gathered data result the aggregate value 89(54.6%) respondents disagreed about the statement. Therefore, there is less integration between finance department and invoice preparation, which means the one cause of delay financial activities.

As indicated in the above table for the statement of supervisors participates to approve and authorize payments, 40(24.5%) of respondents strongly disagreed, 73(44.8%) disagreed, 4(2.5%) neutral, 30(18.4%) agreed, and 16(9.8%) of respondents strongly agreed. The aggregate value 113(69.3%) of respondents disagreed for the statement of supervisors participation in financial activities. That means there is no sharing of duties in checking and approving invoice preparation activities.

For the statement employees have knowledge and understand about E-payment (electronic payment), 49(30.1%) of respondents strongly disagreed, 75(46%) disagreed, 5(3.1%) respondents not sure, 24(14.7%) agreed, and 10(6.1%) of respondents strongly agreed. The total value of respondents 124(76.1%) disagreed. That means employees were not understands and not practice E-payment for financial activities in the company.

As indicated in the above table the statement of current system reduce cost and employees’ effort, 40(24.5%) of respondents strongly disagreed, 63(38.7%) disagreed, 6(3.7%) not sure, 47(28.8%) agreed, and 7(4.3%) of respondents strongly agreed. The aggregate value 103(63.2%) of respondents disagreed about the statement. That means the current system not reduce invoice preparation time and employees effort. Most of financial activities need IT support and more employees’ effort to prepare invoices.

Table4. 4System and Procedures Related Factors

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item 1 | Alternative/options | Frequency | Percent | Mean | Std.D |
| In the current system the company reduce payment and collection time. | Strongly disagree | 36 | 22.1 | 2.5 | 1.28 |
| Disagree | 72 | 44.2 |
| Not sure | 6 | 3.7 |
| Agree | 35 | 21.5 |
| Strongly agree | 14 | 8.6 |
| **Total** | **163** | **100** |
| Item 2 | Alternative/options | Frequency | Percent | Mean | Std.D |
| E-payment system can be easy with compared to manual system. | Strongly disagree | 7 | 4.3 | 3.87 | 1.11 |
| Disagree | 19 | 11.7 |
| Not sure | 12 | 7.4 |
| Agree | 74 | 45.4 |
| Strongly agree | 51 | 31.3 |
| **Total** | **163** | **100** |
| Item 3 | Alternative/options | Frequency | Percent | Mean | Std.D |
| All necessary information can summarize on one document (Waybill) for payment | Strongly disagree | 4 | 2.5 | 3.92 | 1.12 |
| Disagree | 27 | 16.6 |
| Not sure | 4 | 2.5 |
| Agree | 70 | 42.9 |
| Strongly agree | 58 | 35.6 |
| **Total** | **163** | **100** |
| Item 4 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Repetitive documents take more time and efforts to make payments | Strongly disagree | 4 | 2.5 | 3.91 | 1.04 |
| Disagree | 21 | 12.9 |
| Not sure | 8 | 4.9 |
| Agree | 82 | 50.3 |
| Strongly agree | 48 | 29.4 |
| **Total** | **163** | **100** |
| Item 5 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Enterprise resource planning (ERP) is applied properly | Strongly disagree | 41 | 25.2 | 2.62 | 1.34 |
| Disagree | 52 | 31.9 |
| Not sure | 11 | 6.7 |
| Agree | 46 | 28.2 |
| Strongly agree | 13 | 8 |
| **Total** | **163** | **100** |
| Item 6 | Alternative/options | Frequency | Percent | Mean | Std.D |
| All financial activities within the company are computerized | Strongly disagree | 8 | 4.9 | 3.23 | 1.18 |
| Disagree | 57 | 35 |
| Not sure | 7 | 4.3 |
| Agree | 72 | 44.2 |
| Strongly agree | 19 | 11.7 |
| **Total** | **163** | **100** |
| Item 7 | Alternative/options | Frequency | Percent | Mean | Std.D |
| The IT infrastructure within the company are effective to support financial management | Strongly disagree | 19 | 11.7 | 2.74 | 1.12 |
| Disagree | 78 | 47.9 |
| Not sure | 2 | 1.2 |
| Agree | 54 | 33.1 |
| Strongly agree | 10 | 6.1 |
| **Total** | **163** | **100** |
| Item 8 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Currently ESLSE uses E-payment to payment and collection | Strongly disagree | 42 | 25.8 | 2.47 | 1.27 |
| Disagree | 61 | 37.4 |
| Not sure | 9 | 5.5 |
| Agree | 42 | 25.8 |
| Strongly agree | 9 | 5.5 |
| **Total** | **163** | **100** |
| Item 9 | Alternative/options | Frequency | Percent | Mean | Std.D |
| E-payment has significant role to expedite payment and collection | Strongly disagree | 8 | 4.9 | 3.8 | 1.17 |
| Disagree | 25 | 15.3 |
| Not sure | 7 | 4.3 |
| Agree | 74 | 45.4 |
| Strongly agree | 49 | 30.1 |
| **Total** | **163** | **100** |

Source: Self survey

As indicated in the above table, for the statement of in current system and procedures of payment

ESLSE provide fast services, 42(25.8%) of respondents strongly disagreed with the statement, 81(49.7%) disagreed, 8(4.9%) not sure, 24(14.7%) agreed, and 8(4.9%) of respondents strongly agreed with the statement. The total value 123(75.7%) respondents disagreed with the statement. That means the current system and procedures not faster to prepare invoices quickly. Due to this reason, frequently there was customers’ complain and unwanted controversies between employees and customers.

As indicated in the above table, the statement of in the current system the company reduces payment and collection time. The data collected from respondents of employees sated that, 36(22.1%) of respondents strongly disagreed with the statement, 72(44.2%) disagreed, 6(3.7%) not sure, 35(21.5%) agreed, and 14(8.6%) of respondents strongly agreed with the statement. The total value 112(66.3%) of respondents disagreed with the statement. That means the current system of the company take more time to pay and to collect receivables and leads to delay of transactions.

For the statement of E-payment system can be easy compared to manual system that indicated in the above table, 7(4.3%) of respondents strongly disagreed, 19(11.7%) disagreed with the statement, 12(7.4%) not sure, 74(45.4%) agreed, and 51(31.3%) of respondents strongly agreed with the statement. That means 125(76.7%) of respondents disagreed with the statement. Electronic payment was easy and fast but, not applied in the organization for payment. So, manual system was not cost effective, slow, and needs more employees’ efforts to prepare invoices.

For the statement of all necessary information can summarize on one document (Waybill) for payment that indicated in the above table, 4(2.5%) of respondents strongly disagreed with the statement, 27(16.6%) disagreed, 4(2.5%) neutral with the statement, 70(42.9%) agreed, and 58(35.6%) of respondents strongly agreed with the statement. The total value 128(78.5%) of respondents agreed with the statement and the mean value 3.92 indicated no need unwanted additional documents, all information can state on waybill only. That means unwanted repetitive documents take more time to perform payment and high employees fatigue.

As indicated in the above table, the statement of enterprise resource planning is applied properly, the collected data indicated, 41(25.2%) of respondents strongly disagreed with the statement, 52(31.9%) disagreed, 11(6.7%) not sure, 46(28.2%) agreed, 13(8%) of respondents strongly agreed with the statement. That means the total value 93(57.1%) of respondents disagreed with the statement. So, the company not optimizes business process, not reduce time and effort, not reduce or eliminate repetitive manual process to increase profit margin.

For the statement of all financial activities within the company are computerized, 8(4.9%) of respondents strongly disagreed with the statement, 57(35%) disagreed, 7(4.3%) neutral, 72(44.2%) agreed with the statement, and 19(11.7%) of respondents strongly agreed with the statement. The result indicated that 91(55.9%) of respondents agreed with the statement. That means all financial activities concentrating, centralizing and stored on company’s computer server to maintain possible financial information.

As indicated in the above table the IT infrastructure within the company effective to support financial management. From the respondents 19(11.7%) strongly disagreed, 78(47.9%) disagreed, 2(1.2%) not sure, 54(33.1%) agreed with the statement, and 10(6.1%) of respondents strongly agreed with the statement. From the finding perspective 97(59.6%) of respondents disagreed with the IT infrastructure. And the mean value 2.74 indicated that the greater parts of respondents not satisfied by company’s IT infrastructure. There is no sophisticated of financial system to support complicated financial activities.

For the statement of currently ESLSE uses E-payment to payment and collection, 42(25.8%) of respondents strongly disagreed, 61(37.4%) disagreed with the statement, 9(5.5%) not sure, 42(25.8%) agreed, and 9(5.5%) of respondents strongly agreed with the statement. From this the overall result 103(63.2%) of respondents disagreed with the usage of E-payment in the organization. That means the company not uses E-payment to reduce the transaction time, rather it spent more paper and time to perform financial activities. ESLSE not facilitate online transaction system which faster, cheaper, and more convenient with compared to cash and checks to speed up the transaction process.

As indicated in the above table the statement of E-payment has significant role to expedite payment and collection, 8(4.9%) of respondents strongly disagree with the statement, 25(15.3%) disagreed, 7(4.3%) neutral, 74(45.4%) agreed with the statement, and 49(30.1%) of respondents strongly agreed with the statement. The result indicated that the aggregate value, 123 (75.5%) of respondents agreed with the statement of role of E-payment. Even though, E-payment has the significant role to save transaction cost and time, to reduce wastage of papers, to increase sales, and to reduce employees’ efforts, ESLSE not uses.

Table4. 5Customer Satisfaction In terms of Payment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item 1 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Our system and IT infrastructure allows to offer faster financial activities. | Strongly disagree | 25 | 15.3 | 2.41 | 1.11 |
| Disagree | 90 | 55.2 |
| Not sure | 10 | 6.1 |
| Agree | 31 | 19.0 |
| Strongly agree | 7 | 4.3 |
| **Total** | **163** | **100** |
| Item 2 | Alternative/options | Frequency | Percent | Mean | Std.D |
| The manual system is expensive in terms of resources and increases customers’ complain | Strongly disagree | 17 | 10.4 | 3.47 | 1.34 |
| Disagree | 34 | 20.9 |
| Not sure | 8 | 4.9 |
| Agree | 63 | 38.7 |
| Strongly agree | 41 | 25.2 |
| **Total** | **163** | **100** |
| Item 3 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Overweight collect properly from customer | Strongly disagree | 20 | 12.3 | 2.65 | 1.16 |
| Disagree | 76 | 46.6 |
| Not sure | 18 | 11.0 |
| Agree | 38 | 23.3 |
| Strongly agree | 11 | 6.7 |
| **Total** | **163** | **100** |
| Item 4 | Alternative/options | Frequency | Percent | Mean | Std.D |
| In current system there is quick response to customers’ inquiries. | Strongly disagree | 21 | 12.9 | 2.54 | 1.12 |
| Disagree | 87 | 53.4 |
| Not sure | 8 | 4.9 |
| Agree | 40 | 24.5 |
| Strongly agree | 7 | 4.3 |
| **Total** | **163** | **100** |
| Item 5 | Alternative/options | Frequency | Percent | Mean | Std.D |
| In the current system and procedures the company reduces customers’ complains. | Strongly disagree | 47 | 28.8 | 2.12 | 1.11 |
| Disagree | 81 | 49.7 |
| Not sure | 6 | 3.7 |
| Agree | 26 | 16.0 |
| Strongly agree | 3 | 1.8 |
| **Total** | **163** | **100** |
| Item 6 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Demurrage collect from customer on time | Strongly disagree | 43 | 26.4 | 2.20 | 1.12 |
| Disagree | 82 | 50.3 |
| Not sure | 8 | 4.9 |
| Agree | 22 | 13.5 |
| Strongly agree | 8 | 4.9 |
| **Total** | **163** | **100** |
| Item 7 | Alternative/options | Frequency | Percent | Mean | Std.D |
| Currently ESLSE uses E-payment to payment and collection to satisfy customers. | Strongly disagree | 47 | 28.8 | 2.28 | 1.18 |
| Disagree | 65 | 39.9 |
| Not sure | 14 | 8.6 |
| Agree | 31 | 19.0 |
| Strongly agree | 6 | 3.7 |
| **Total** | **163** | **100** |
| Item 8 | Alternative/options | Frequency | Percent | Mean | Std.D |
| All kinds of payments are paid as per the agreement time | Strongly disagree | 30 | 18.4 | 2.56 | 1.18 |
| Disagree | 70 | 42.9 |
| Not sure | 9 | 5.5 |
| Agree | 49 | 30.1 |
| Strongly agree | 5 | 3.1 |
| **Total** | **163** | **100** |
| Item 9 | Alternative/options | Frequency | Percent | Mean | Std.D |
| With current system and procedure there is high customer satisfaction | Strongly disagree | 43 | 26.4 | 2.00 | 0.83 |
| Disagree | 91 | 55.8 |
| Not sure | 15 | 9.2 |
| Agree | 14 | 8.6 |
| Strongly agree | 0 | 0 |
| **Total** | **163** | **100** |

Source: researcher’s survey

As indicated in the above table, the statement of our system and IT infrastructure allows offering faster financial activities. From the respondents, 25(15.3%) strongly disagreed with the statement, 90(55.2%) disagreed, 10(6.1%) of respondents not sure, 31(19%) agreed, and 7(4.3%) of respondents strongly agreed with the statement. As the finding indicated that, 115(70.5%) of respondents disagreed with the company’s IT infrastructure. That means the company due to the IT infrastructure not provide faster and better financial activities and services. Our system and IT infrastructure is not time reduction and not enhance functionality to provide fast and better financial activities.

For the statement of the manual system is expensive in terms of resources and increases customers’ complain that stated in the above table, 17(10.4%) of respondents strongly disagreed, 34(20.9%) disagreed with the statement, 8(4.9%) not sure, 63(38.7%) agreed with the statement, and 41(25.2%) of respondents strongly agreed with the statement. That means the aggregate value 104(63.9%) of respondents agreed with the statement. The manual system is required a lot of human effort, pen and paper to prepare payment invoices and increases customers’ complain.

As indicated in the above table overweight collects properly from customers, 20(12.3%) of respondents strongly disagreed with the statement, 76(46.6%) disagreed with the statement disagreed, 18(11%) neutral, 38(23.3%) of respondents agreed, and 11(6.7%) of respondents strongly agreed with the statement. The data collected result indicated that the total value 96(58.9%) of respondents disagreed with the statement. That means the company not collect properly the overweight amount from importers. As I observed directly, when overweight freight fee amount comes the company prepares debit note for importers. But the debit note not send to the importers timely. By chance when customers come to office may take the debit note to pay the stated amount on that debit note. If not the debit note simply remain at office and the stated amount cannot be collected.

For the statement of in current system there is quick response to customers’ inquiries, 21(12.9%) of respondents strongly disagreed, 87(53.4%) disagreed, 8(4.9%) neutral with the statement, 40(24.5%) agreed, and 7(4.3%) of respondents strongly agreed with the statement. That means the aggregate value 108(66.3%) of respondents disagreed with the statement. The result of data collected indicated that with in current system the company not responds the customers’ inquiries within agreed time frame. The current system of ESLSE multimodal sector is slow and complicated to prepare payment invoices and to pay to customers within the agreed time.

As indicated in the above table the statement of in the current system and procedures the company reduces customers’ complains, 47(28.8%) of respondents strongly disagreed, 81(49.7%) disagreed with the statement, 6(3.7%) not sure, 26(16%) agreed, and 3(1.8%) of respondents strongly agreed with the statement. That means the total value 128(78.5%) of respondents disagreed with the statement. As the current system and procedures slow and complex, payment invoices are not perform much faster manner and this lead to customers’ complains.

For the statement of demurrage collect from customer on time, 43(26.4%) of respondents strongly disagreed with the statement, 82(50.3%) disagreed, 8(4.9%) respondents neutral, 22(13.5%) agreed, and 8(4.9%) of respondents strongly agreed with the statement. From the finding perspective, 125(76.7%) of respondents disagreed with the statement and the mean value 2.2 indicate that the demurrage not collect on time. Because, the organization follows the same method and procedure that used to collect overweight amounts from importers. To collect overweight and demurrage from the customers, multimodal sector prepare debit note to give the customers. But if the customer not comes at our office the debit note not sends to the customer and the stated amount cannot collect. So, this type of collection system one of the causes of loss for the organization and for the customers also accumulated number of debit notes and that was the cause of unwanted controversies between customers and the organization and leads to customers’ complain.

As indicated in the above table the statement of currently ESLSE uses E-payment to payment and collection to satisfy customers. From the respondents 47(28.8%) strongly disagreed with the statement, 65(39.9%) respondents disagreed, 14(8.6%) not sure, 31(19%) agreed with the statement, 6(3.7%) of respondents strongly agreed with the statement. The result of the data collected indicated that 112(68.7%) of respondents disagreed with the company usage of E-payment to satisfy customers. And also the mean value 2.28 show most of respondents disagreed with the statement. That means the organization not uses E-payment for collection and payments to satisfy its customers.

For the statement of all kinds of payments are paid as per the agreement time, 30(18.4%) of respondents strongly disagreed with the statement, 70(42.9%) disagreed,9(5.5%) neutral, 49(30.1%) agreed, and 5(3.1%) of respondents strongly agreed. That means 100(61.3%) of respondents disagreed with the statement and the company not pay all payments as per the agreement time. Therefore, the payments were delays and that leads to slow transaction for the organization, and that the main reason of customers’ complains.

As indicated in the above table the statement of with current system and procedure there is high customer satisfaction. From the respondents 43(26.4%) strongly disagreed with the statement, 91(55.8%) disagreed, 15(9.2%) respondents neutral, 14(8.6%) agreed, and no one strongly agreed with the statement. The result of the data collected indicated that 134(82.2%) of respondents disagreed with the statement. That means ESLSE not render faster payment services to satisfy its customers with current system and procedures. Because, as the finding indicated and also direct observation most of the time payments were not paid as per the agreement time frame. The current system and procedures cannot speed up the preparation of payment invoices and that leads to customer’s dissatisfaction.

The interview that was conducted multimodal department head is the current payment and collection system fast and smooth? He replies that currently our payment system is complicated that employees cannot operate smoothly to perform our financial activities. And also there is very slow system to process payment invoice and to pay to customers. For this reason, our customers not only raised the question but also they complain our company about the delay of payment.

The interview that was requested is the current system and procedures error free and profitable? He replies that as a profit making organization speed system and procedures are essential to speed up the transaction and to maximize profit. But our current system and procedure not faster to speed the transaction to maximize the profit. And also we cannot leave out from paper work to reduce paper wastage and to minimize errors.

The interview that was requested the finance head dose the company invests in different industries to minimize financial risk? The financial manager replies that the company not invests in different types of businesses. ESLSE provides the only cargo transportation services from different parts of the world to Ethiopia and vice versa. The company’s income generates from transporting of staffed containers, fuel, different machineries, and vehicles. But our company not invests in other industries such as, manufacturing, merchandize, construction etc. So, the organization practices one type of business that renders transportation service only and may leads to business risk. There is an old saying, “don’t put all of your eggs in one basket.’ But, company’s financial management system is not diversified in different businesses to earn the highest return and to minimize risk.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This study investigated into the system of financial management in Ethiopian Shipping and Logistics Service Enterprise Multimodal Sector. The study was conducted through a sampling survey using the company’s employees and department head. Data collected by using questionnaires, interview, and direct observation techniques. The collected data was analyzed with frequency and percentage. In this chapter includes presenting the findings of the study, to make conclusions and recommendations. The summary presented along research objectives. The general objective of the study was to assess the determinants of delay of payments and receivables that takes place in Ethiopian Shipping and Logistics Service Enterprise multimodal transport. The specific objectives are: to identify the collection and payment procedures and system used by the enterprise, to identify the cause of delay of transport payment and receivables in the enterprise multimodal sector, and to assess whether proper usage of soft ware and systems to manage financial asset in the organization.

## 5.1 Summary of Major Findings

The total respondents who participated in this study were 163, from these 95(58.3%) male, and 68(41.7%) of respondents were female employees.

Most of the respondents’ age group was in the category of between 26-30, and 31-35 years old range 56(34.4%), and 79(48.5%) respectively.

Most of respondents participated in this study (75.5%) were first degree holders professionals employees.

Most of respondents’ years of service dominated a total of (25.8%), and (46%) 3-5, and 6-10 years respectively.

Most of respondents 80(49.1%) disagreed with that stated the proper sharing of information between employees. Information sharing is a critical for financial activities but as indicated the result of the study no more information sharing in multimodal department.

Most of respondents (67.5%) were disagreed with employees are well trained and have knowledge about a new system. Employees without training of new system are one of the causes of transaction delay.

As the result of the study shows the total value 97(59.5%) of respondents disagreed with coordination of employees. Lack of coordination between employees is difficult to prepare invoices, to transfer documents, and to make payments.

Majority of respondents 69(54.6%) were disagreed with well integration between finance department and invoice preparation. Therefore, less integration between finance and invoice preparation department one cause of payment delay.

The result of the study indicated that (63.2%) of respondents not satisfied with company’s current system reduce cost and employees’ effort. The company’s current system not reduces employees’ effort, time, and wastage of paper.

Most of respondents (75.7%) those participated in this study disagreed with ESLSE provide fast service with current system and procedure. The company’s current system and procedure not faster to prepare invoices and to pay.

The overall findings indicated that, (51.5%) of respondents disagreed with the security of transferring documents from invoice preparation department to finance department. Document transferring method was not more secured; due to this sometimes the prepared payment invoices were missed.

Most of the respondents (76.7%) agreed with the statement of E-payment can be easy with compared to manual system. E-payment was an easy and fast payment system that helps to speed up financial activities as well as business transactions. ESLSE not used or not applied electronic payment to reduce transaction time.

The result of the study indicated that, the majority of respondents (57.7) not satisfied with the necessary of repetitive documents. That means the repetitive documents were not add value for the transaction, rather increase wastage of paper, more employees’ effort, and consume time to prepare payment invoice.

The majority of respondents (57.1%) disagreed with the Enterprise Resource Planning (ERP) is applied properly. So, the company not optimizes business process, not reduce transaction time and effort, not reduce or eliminate repetitive manual process to increase profit margin.

Most of the respondents (63.8%) participated in this study disagreed with that ESLSE has more sophisticated system to handle improper financial activities. That means the current system of ESLSE multimodal sector complex, slow, and needs IT support for each activity. There is no improved data or system developed to operate financial activities and to handle improper financial activities.

The overall findings indicated that, (72.4%) of respondents satisfied with the statement of multimodal operation system (MOS) is convenience and smooth than Oracle. That means the multimodal operation system was an easy system that well established and designed to company’s payment process. Multimodal operation system helps or supports the employees to perform smoothly and actively the financial activities.

Most of the respondents, (60.1%) dissatisfied with the company’s current system and procedures are sufficient enough to manage financial assets. So, the current system is not fully automated, and not capable sufficient enough to manage financial assets and leads to delay of transaction.

The majority of respondents (58.9%), and (76.7%) disagreed with properly collection of overweight and demurrage from customers respectively. To collect overweight and demurrage from the customers, multimodal sector prepare debit note to give the customers. But if the customer not comes at our office the debit note not sends to the customer and the stated amount cannot collect. So, this type of collection system one of the causes of loss for the organization and for the customers also accumulated number of debit notes and that was the cause of unwanted controversies between customers and the organization and leads to customers’ complain.

The overall findings indicated that, (61.3%) of respondents disagreed with that all kinds of payments were paid as per the agreement time. Therefore, the payments were delays and that leads to slow transaction for the organization, and that become the main reason of customers’ complains.

## 5.2 Conclusion

Based on the foregoing data presentation and analysis, the researcher was come up to the following conclusions.

ESLSE in current system and procedure of financial activates not provided faster payment services to customers. From this perspective, the preparation of payment invoices and collections were dely.

ESLSE has no more creation of awareness of employees about new system rather that depends on IT support invoice preparation activities. And there is less information sharing and no more coordination between employees to facilitate and control financial activities. In addition management not support and inspire employees to run properly financial activities.

The company not uses ERP properly and has no sophisticated system and procedures to handle improper financial activities. The company’s current financial activities system is complex, slow, and needs IT support for each activity.

The researcher found that the multimodal operation system (MOS) was an easy system that well established and designed to company’s payment process and helps or supports the employees to perform smoothly and actively the financial activities.

 The company not uses E-payment to reduce the transaction time, rather it spent more paper and time to perform financial activities. ESLSE not facilitate online transaction system which faster, cheaper, and more convenient with compared to cash and checks to speed up the transaction process.

ESLSE not collect efficiently the overweight and demurrage amount from importers. When demurrage and overweight freight fee amount happens, the company prepares debit note for importers. But the debit note not send to the importers timely. By chance when customers come to office may take the debit note to pay the stated amount on that debit note. If not the debit note simply remain at office and the stated amount cannot be collected.

With the current payment system and procedures ESLSE cannot give quick response to customers and payments were not pays as the agreement time and there was customers complain frequently. As the current system and procedures slow and complex, payment invoices are not perform much faster manner and this lead to customers’ complains and delay of company’s transaction. The company agreed with customers to pay within 10 days. But, payments were delay up one month due to paper work and lack of sophisticated payment system.

The researcher found that ESLSE has not business diversification to manage risk by minimizing potential harm during financial downturns. ESLSE generates its income from transportation of cargo from abroad to Ethiopian dry ports and customers’ bonded warehouse and from Ethiopia to abroad.

## 5.3. Recommendations

Based on the findings of this study the researcher was come up with the following recommendations:

* The organization should create coordination, integration, and share information to employees to control financial assets.
* The company should improve the current payment and collection systems to speed up financial activities and transactions.
* The organization should reduce the repetitive payment documents. Unwanted repetitive papers take more time, employees’ effort, and wastage of papers.
* ESLSE should uses ERP properly develop sophisticated system and procedures to handle improper financial activities. The company’s current financial activities system is complex, slow, and needs IT support for each activity.
* The organization should apply E-payment to reduce the transaction time. The current system and procedures are spent more employees, effort, paper and time to perform financial activities. ESLSE not facilitate online transaction system which faster, cheaper, and more convenient with compared to cash and checks to speed up the transaction process.
* The company should improve or change demurrage and overweight collecting system and procedures. With current system and procedures the organization not collect properly demurrage and overweight from customers.
* The enterprise should reduce or totally avoid paper work and modernize the payment and collection procedures with other electronically options.
* ESLSE should diversify its financial assets and invest in different industries including temporary investment to minimize business risk or economic downturns.

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APPENDICES I

St.Mary’s University

School of Graduate Studies

Faculty of Business

MBA Program

SURVEY QUESTIONAIRE

A SURVEY ON THE ASSESSMENT OF FINANCIAL MANAGEMENT SYSTEM

Dear Respondents,

I am conducting a research on ‘‘Assessment of Financial Management System in the case of Ethiopian Shipping and Logistics Service Enterprise’’. This research is conducted in partial fulfillment of the requirements for the award of Masters Degree in Business Administration

(General Management) at St. Mary’s University.

Please note that, the data collected will be treated with a very high degree of confidentiality and it is meant for academic purpose only. I would be greatly appreciated if you would assist by completing the questionnaire listed below. Privacy will be ensured in this research and data from the respondents cannot be linked to specific individual. You are not obligated to write your name. In case if you have and doubt or ambiguity while you are filling this questionnaire please

 don’t hesitate to contact me via: phone number **0912906916** and E-mail gobezietemesgen@gmail.com

Thank you in advance for your genuine cooperation!!

Regards,

**Part I:** General Information**:**

1. Sex Male Female
2. Age 20-25 26-30 31-35 36-40

41-45 Above 45

1. Educational statues: College diploma First Degree(BSC,BA)

 Second Degree(MSC, MA) PHD and above

1. How many years have you worked in this organization: Less than 3 years

3-5 6-10 11-15 Above 15 years

**Part II** To what extent do you agree with the following statements concerning level of agreements? Using a scale of 1 to 5 tick ( 🗸 ) as an appropriate using the key where 1- strongly disagree, 2- disagree, 3-not sure, 4-agree, 5- strongly agree.

**2.1 Employees**

 **Statements** **Degree of Agreement**

 **1 2 3 4 5**

|  |
| --- |
| 1.There is Proper sharing of information between employees.2. Employees are well trained and have knowledge about a new  system. |
| 3. Coordination of employees to control financial assets. |
| 4.Employees are resist the new system to apply. |
| 5.Employees are motivated and uses properly new system. |
| 6.There is well integration between finance department and invoice  Preparation. |
|  7.Supervisors participate to approve and authorize payments. |
| 8.Employees have knowledge and understand about  E-payment(Electronic payment). |
| 9.Current system reduce costs and employees’ effort . |

1. strongly disagree, 2- disagree, 3-not sure, 4-agree, 5- strongly agree.

**2.2. Systems and Procedures**

 **Degree of Agreement**

 **Statements** **1 2 3 4 5**

|  |
| --- |
| 1.In current system and procedures of payment ESLSE  provides fast and easy services 2.Transferring of documents from invoice preparation to finance  more secured. |
| 3.In the current system the company reduce payment and collection  time. |
| 4.E-payment system can be easy with compared to  manual system. |
| 5.The repetitive documents (like DCS, and interchanges) are very  Necessary for payment. |
| 6.All necessary information can summarize  on one document (Waybill) for payment. |
| 7.Repetitive documents take more time and efforts to make payments. |
| 8.Payment and collection documents are managed properly. |
| 9.Far apart of invoice preparation, approval and finance leads payment delliance.  |
| 10.Enterprise resource planning (ERP) is applied properly. |
| 11.There is segregation of duties to control financial assets. |
| 12.The management support employees to manage financial assets |
| 13.Our company (ESLSE) has more sophisticated system to handle  un proper financial activities. |
| 14.All financial activities within the company are computerized |
| 15.The IT infrastructure within the company are effective to support  financial management |

16.Multimodal operation system (MOS) is convenience and

 smooth than Oracle

17.Currently ESLSE uses E-payment to payment and collection.

18.E-payment has significant roll to expedite payment and collection

19.The current system is sufficient enough to manage financial assets.

1. strongly disagree, 2- disagree, 3-not sure, 4-agree, 5- strongly agree.

**2.3 Customer Satisfaction**

 Degree of Agreement

 **Statements**  **1 2 3 4 5**

|  |
| --- |
| 1.Our system and IT infrastructure allows to offer faster Financial activities. |
| 2.The manual system is expensive in terms of resources and increases customers’ complains. 3.Overweight collect properly from customer |
| 4. In current system there is quick response to customers’ inquiries. |
| 5.In the current system and procedures the company reduces Customers’ complains. |
| 6.Demurrage collect from customer on time |
| 7.Currently ESLSE uses E-payment to payment and collection  to satisfy customers. |
| .8. All kinds of payments are paid as per the agreement time  9. With current system and procedure there is high customer  satisfaction |

**Part  III: General Questions**

1. Do you agree all payments are performed according to the given standards or agreements? A. Yes, B. No. If your answer is No, please explain why?

|  |
| --- |
|  |
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1. Do you agree financial activities such as payment and collections are run smoothly without any delaines? A. yes , B. No. If your answer is No, please list some reasons.

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1. Do you agree with the plan of financial activities meet with the actual performance. A. Yes, B. No. If your answer is No, please argue.

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1. Do you believe there is efficient management and utilization of budget in ESLSE. A. Yes , B. No. If your answer is No, please argue.

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1. Do you agree our customers are satisfied with payments and collections systems. A. Yes, B. No. If your answer is No please argue.

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**APPENDICES II**

Interview Questions

1. Current system and procedures are error free and profitable?
2. Does the company invests in different industries to minimize financial risk?

**APPENDICES III**

Definitions

1. Demurrage: - The amount of birr that collects from importers for delay of unloading the cargo in their warehouse.
2. Overweight: - The differences between pre-stated amount of weight that the importers needs to loading and the actual weight.