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Marketing Factors Affecting Leasing Selection in Bosnia and Herzegovina: Case Study on VB Leasing

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Abstract. In constantly changing environment all types of companies need some support from various types of funding institutions. Companies use their own resources to finance some projects or purchases but also take loans, mostly from banks to have additional support or in case of lack of money. Beside small, medium, as well as big companies, physical persons also use different types of financing to achieve their goals and fulfil their needs. Financing companies need to recognize the criteria on which prospective customers establish their financing selection decision. Planning a proper marketing strategy in order to attract new customers is of crucial importance in identifying these criteria. The main purpose of the study is to identify which factors affects people to choose leasing services. For data collection and analyse both, qualitative and quantitative study is conducted. Data for this study were collected through surveys delivered to 65 VB Leasing users from Sarajevo region. Out of 65, 57 useful responses were accepted for further analysis. Also interview was done with director of VB Leasing for qualitative study in order to get more insights in this topic. Findings of the study show what are the important factors for leasing selection and these information can support leasing managers in designing marketing strategies for perspective customers.

Keywords: Financing; Leasing; Marketing Factors; Customers.

Introduction

Developed marketing is now the starting point for the survival of leasing companies in a more and more competitive market. Task of strategic marketing is to direct the leasing organization to its action as fully adapted to the market environment. In this context, one of the main tasks for leasing managers is to identify the factors that will attract market segment which will take these factors in consideration when making key decisions leasing selection. Leasing companies must determine the needs of consumers in each market segment as well as how these consumers evaluate the strength of the leasing company compared to its competition.

The main purpose of this research paper is to find out which factors are playing important role in selecting leasing. For upcoming business people as well for present ones it is important to have better insight in financing itself, but also to know to which factors they should pay huge attention in selecting leasing services. This knowledge can help them to make better decisions and make some changes and improvements in their business.

Leasing as way of financing in this research paper is the main topic. Leasing is one of the high developing markets in Bosnia and Herzegovina and number of leasing houses is in increase. Guided by these facts this research will help to better understand leasing and provide knowledge and basis for next generations and researches. Leasing, by its nature, gives ability for companies to modernize their equipment at low cost and to improve their business. Furthermore procedure for getting leasing and collateral is much simpler than for credit.

VB Leasing is currently market leader according to many parameters in BH leasing market. They have recognized real needs of clients and implemented some changes but also developed new products in order to have satisfied, coming back client but also to attract new ones by many action programs. That is why VBL clients from Sarajevo region were selected as a sample for this study.

In following section comprehensive literature review on leasing and factors that are affecting leasing selection will be provided. Methodology section explains two ways of obtaining primary data used for the purposes of this research. Also, the Research questions of study were developed in that part. In data analysis and discussion section of this study, findings of surveys analyses and in-depth interview will be presented. Each finding is discussed, elaborated and explained. At the end of the chapter, research questions are tested. Finally, conclusion section gives us short overview of the whole study, and different suggestions for practitioners and future research.

Literature Review

1. History of Leasing and Definitions

As it is stated on official web page of Central Bank of B&H ("Central Bank of Bosnia and Herzegovina," 2013), leasing has its roots long time ago; even in 2000 BC there were some forms of leasing. But leasing in its today's form appeared in USA in 1950s. After couple of years a lot of countries in Europe started to use this type of financing. It took some 2 decades for leasing to be presented in slow emerging markets, but after middle of 1970s it is globally presented way of financing.

In Bosnia and Herzegovina leasing has started to develop from 2001. From information gathered at the official web page of the Central Bank of B&H, we see that in 2005 leading leasing companies founded the *Association of Leasing Companies*. Aim of this Association is improving operations and stimulation for development of the lease market. The main goals of the Association also include connecting members to improve leasing services in B&H, exchange experiences, and promote leasing through newsletters and publications, study and monitor developments, launch initiatives with the appropriate bodies to amend legislation, represent the Association at international meetings, and cooperate with similar organizations. In Bosnia and Herzegovina, due to fact of two entities, leasing activities are regulated by two laws: 'The Law on Leasing of the Federation of Bosnia and Herzegovina' (FBiH), and 'The Law on Leasing on the Republika Srpska' (RS). Leasing companies are monitored and licensed by the banking agencies of the FBiH and the RS. Leasing services can also be provided by banks. "The minimum amount of equity required to establish a leasing company is 250,000 KM." ("Zakon o leasingu Federacije BiH," 2008)

Leasing has become a widely used as an alternative form of financing. It offers the client simplified procedures, provides good collateral and reduced risk. Another important advantage for the client is that lease instalments involve only material costs. There are cost and tax saving opportunities that can compensate for the higher costs involved in leasing, compared to bank loans.

The term "lease" is an English word denoting charter or rent. Leasing is an alternative finance model in which use, and not ownership, of the property is crucial: the philosophy of lease originates from an idea of using an investment in a profitable manner and with a flexible payment plan.

"Leasing is a financial contract that allows the separation of ownership and use of an asset" (Lin *et al.* 2013). There are many somehow different definitions of leasing. But at the end, again they are all same and have same philosophy. According to Central Bank of B&H ("Central

Bank of Bosnia and Herzegovina,” 2013) lease is an agreement by which the lessor transmits to the lessee, in return for monthly payments, the right to use a leasing object for a certain period of time which is stated in contract.

“A lease is a contractual agreement providing the use but not ownership of a piece of equipment. Two parties involving in the contract are lessor and lessee. The lessor holds the title to the equipment and provides the lessee with the use of equipment, while the lessee uses the equipment for a specific period of time and pays rent to the lessor”(Yan 2002).

“Leasing is a contract through which someone uses equipment owned by somebody else. The user (*the lessee*) pays specific regular amounts to the owner (*the lessor*)”(Deelen, Dupleich, Othieno, Wakelin, & Berold, 2003).

Leasing has its roots and implications in Islamic banking. Islamic banking is strictly defined by Shariah and by that side is accepted also in east countries where state laws are indeed Shariah. In Arabic, the word “ijarah” means “to give something on rent”. From Islamic point of view also leasing can be explained: “Ijarah (leasing) refers to an arrangement in which a bank (the lessor) leases equipment, a building, or other facilities to a client (the lessee) at an agreed upon rental fee and for a specified duration. Ownership of the equipment remains in the hands of the lessor. In leasing arrangements, the bank purchases a durable asset and leases it to the customer in return for regular payments that reflect the cost of holding and maintaining the asset” (Shanmugam and Zahari 2009).

From previous definitions we can conclude that leasing is contractual agreement between two parties, lessor (owner of the assets) and lessee (user of assets). In essence, the leasing company buys the equipment and pays the supplier. Purchased equipment previously chose the lessee and it was taken to rent from leasing companies for agreed monthly instalments. Because the lessor remains the owner of the asset, leasing is a form of secured borrowing. Furthermore, leasing allows sharing of the risk with the lessor, it is less risky to lease an asset than to buy it and have ownership over it. By seeing all this before we can easily conclude that in the business of leasing there are three participants:

1. Dealer or manufacturer of equipment
2. Leasing company, which buys equipment from the manufacturer or dealer of equipment
3. User of leasing, which takes equipment to rent or lease.

Leasing as a form of financing gives companies ability to modern their equipment, improve their efficiency and to get competitive advantage. By each day passed, small and medium companies and organizations, and not just start-up companies, increasingly manage their growth through this form of financing.

“Today, leasing is a very widespread occurrence of the proved effects, and it is offered to transition countries as a significant relief in financing the procurement of investment equipment”(Gajić *et al*, 2010).

2. Justification of Leasing Usage and Marketing Factors Affecting Leasing Selection

Referring to literature from Vujić (2010), justification of leasing usage can be viewed from at least three aspects:

- 1) Aspect of leasing company;
- 2) Aspect of lessee;
- 3) Aspect of the overall society.

Leasing company for the excuse in developing this business sees in marketing philosophy. Through that philosophy, company makes research and finds that current and potential clients have a need for a new machines, cars, equipment etc., but they have lack of the financial resources with which they would buy needed equipment. Leasing company offers solution in financing of that equipment whereby company realize both fundamental principles of marketing:

- Satisfies customer’s need through leasing service and
- Achieves profitable business.

From the aspect of leasing user, justification stems from basic goal to acquire needed asset and equipment with a relatively small burden and a fast and efficient realization of procurement. For most of the users, leasing is only possible way of financing because they do not meet strict

credit requirements of commercial banks. Additional guarantee on form of hypothec is hard and irresolvable problem. Those guarantees are more simple in leasing business because usually leasing object is that guarantee and there is no need for some additional guarantees.

Justification of leasing usage from the aspect of overall society lies in fact that technological progress and increase in productivity realize through acquisition of new equipment. In fact that leasing companies employ many work force, pay taxes to the government and other legal obligations with support of total technological improvement in leasing users, leasing as a form of financing gets support and justification from the aspect of overall society.

Economy of one society becomes more competitive on global market and that represents the real and sustainable development and stability of one country and society. Thus, all three parties (leasing company, dealer/manufacturer, and lessee) find significant interest for development of this business through it they achieve goals of their existence and development.

Whether to use leasing also depends on different elements and circumstances in which possible client is in. Also there is great number of factors that will influence to select leasing financing. Some of those factors play important roles for persons when deciding if to use leasing financing. The best (if only price is taken in consideration) is to buy asset by the use of own resources. However, often potential clients do not have enough or do not have any funds and so they need to use leasing or some other source of financing. Vujić (2010) in his doctoral dissertation explored following elements and factors that should be taken into consideration when person has possibility to choose leasing or bank credit:

- *Speeds of an approval* - Requests are much faster approved in leasing companies than in banks. Under this criterion advantage is on the side of leasing companies.

- *The request procedures and approval speed* – In this case also leasing companies have an advantage. They have considerably simplified procedures for request application and approval speed is in short time. In contrast, banks require numerous documents and their procedures are complex.

- *Guarantee of repayment* – Banks ask for additional guarantees for repayment (hypothec) whose value should be bigger up to two times than amount of credit. Leasing companies use their ownership of the equipment as a guarantee and usually additional guarantees are not needed.

- *The interest rate* – In this element banks have an advantage because their interest rate is usually lower. But because of increased competitiveness in leasing market, most of the companies had to reduce amounts of interest rate so now banks' and leases' interest rates are not so much different.

- *Ownership* – In this case we have three solutions:

1. By using credit, ownership of equipment is immediately on credit user as well as all obligations and rights (amortization increases, cost of business increases, assets of the company increases, borrowings increases);

2. In case of operating leasing ownership never passes to the user so there is no increase in borrowings and no costs of amortization but there are just expenses of rent of used equipment (full instalment represents the rent expense);

3. In case of financial leasing ownership of used equipment passes to the lessee at the end of leasing period which is stated in lease contract. There are same rights, obligations and expenses as in credit.

- *Amortization expenses* – By using credit and financial leasing user is required by getting the equipment to immediately start calculating amortization costs, which increase costs of doing business. In contrast, by using operating leasing there are no amortization costs but there are rent costs (monthly instalments for leasing).

- *Creditworthiness of user* – In case of using bank credit creditworthiness of user is deteriorated because level of borrowings is increased, while that is not case in usage of leasing.

- *Technological development* – Through using of leasing technological improvement is easier. Acquisition of new and change of old equipment is faster and simpler through usage of leasing. By using credit user much harder changes equipment because of difficulty to get rid of old unfashionable equipment, and approval of new arrangements due to creditworthiness.

Factors that may affect leasing selection are also stated by many other researchers. For purposes of his research, Gallardo (1997) highlights some of the main factors that can influence leasing selection:

- *Availability* - In most developing countries leasing may be the only form of medium- to long-term financing available for purchase of equipment that can expand production levels or increase productivity of workers.

- *Simpler security arrangements* - In combination with less stringent requirements for historical balance sheets mean that new small and microenterprises can access lease finance more easily than bank loans.

- *Leasing can be arranged more quickly and simply than bank loans* - Additional security often does not need to be established. The costs of assigning additional collateral, documentation and processing times for bank loans can be significant (since these are typically fixed and not related to the size of the loan), and usually offset the higher spreads in leasing.

- *Tax incentives are available through lease financing* - Lessees can offset their full lease payments against income before tax, compared to the depreciation allowance or the interest charges on bank loans.

- *For the lessee the chief advantage that lease financing presents is a significantly lower discounted present value of cash disbursements over the term of the lease compared to the discounted present value of payments associated with bank-financed acquisition of an asset* - The reason is that the aggregate periodic lease rental payments, which are a combination of interest-related financing costs and payments against principal, can be booked by the lessee as a business expense to shield against tax liability on income realized. The asset financed through a lease is depreciated over the life of the lease, a period shorter than its economic life.

Central Bank of Bosnia and Herzegovina reserved one part of its web page to elaborate pros and cons of leasing. "With leasing, the individual also benefits from the simple approval procedure, with no need for additional guarantors. The opportunity cost is reflected in the VAT on interest and the comprehensive vehicle insurance usually mandatory during the lease term" ("Central Bank of Bosnia and Herzegovina," 2013). Besides that, on CBBH web page there is stated that leasing is similar to bank loans, except for the ownership of the subject. "The choice between these options will depend on interest rates and collateral requirements (banks are usually more demanding in assessing credit rating and require additional security in the form of mortgages, etc.)" ("Central Bank of Bosnia and Herzegovina," 2013).

From previous paragraphs it is apparent that leasing services have a number of benefits for users of this type of service. However, each user considers all circumstances from his/her own perspective and bring decision alone, whether to use leasing or credit. The fact is from year to year total volume of leasing financing markers high growth in Bosnia and Herzegovina.

3. Case Study on VB Leasing BH

VB Leasing BH is a leasing company which has been operating since 2001. Thanks to support and experience of owner, Volksbank Leasing International Holding of Vienna, as well as good cooperation between our employees and business partners and clients, VB Leasing has proved itself to be a reliable company with straightforward transparent offers and clear calculations. Besides the head office in Sarajevo, VB Leasing has branches in Mostar, Tuzla, Banja Luka and Tešanj.

VB Leasing has been operating successfully in the market in B&H for ten years. Company has a transparent, open and fair relationship with clients, a quick and simple procedure, and clear offers which make them leaders in the BH marketplace.

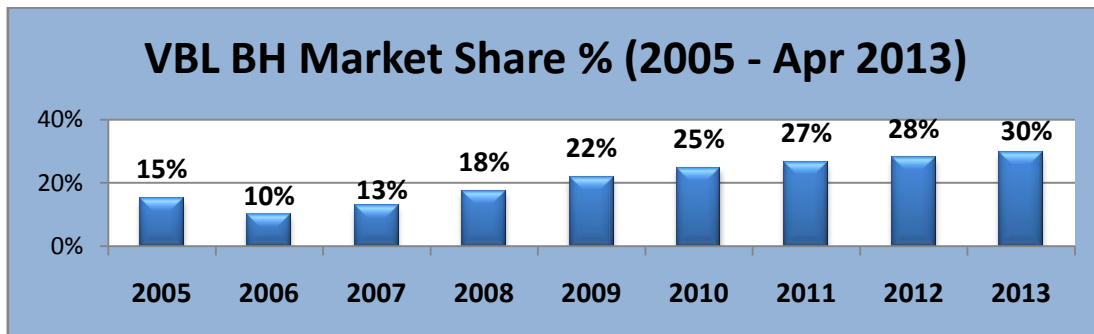


Figure 0-1 VBL Market Share Percentage (“VB Leasing,” 2013)

Besides the financing of personal vehicles and trucks, VBL also offers financing of construction machines, medical and other equipment as well as all forms of movable property. Flexible offers provide a financial solution adaptable to each client’s needs, and what characterizes VB Leasing in particular is the speed of application processing and financing without guarantors. VB Leasing is the company which is devoted to customers. Besides basic service, which is more or less provided by other leasing companies, we differentiate ourselves through the things we recognize as a need and we add it in package together with the main service.

Success and development of VBL we can see best through the fact that during 2007 they were on fourth place with 13% of market share while today it is totally different. Now VBL is the market leaders with more than 30% of market share, in accordance to all valid parameters. According to the fact that during 2013 VBL achieved the greatest number of signed contracts of all leasing companies and from beginning of 2014 VB Leasing signed 110 new contracts, we can see that they are settled down as a company of trust.

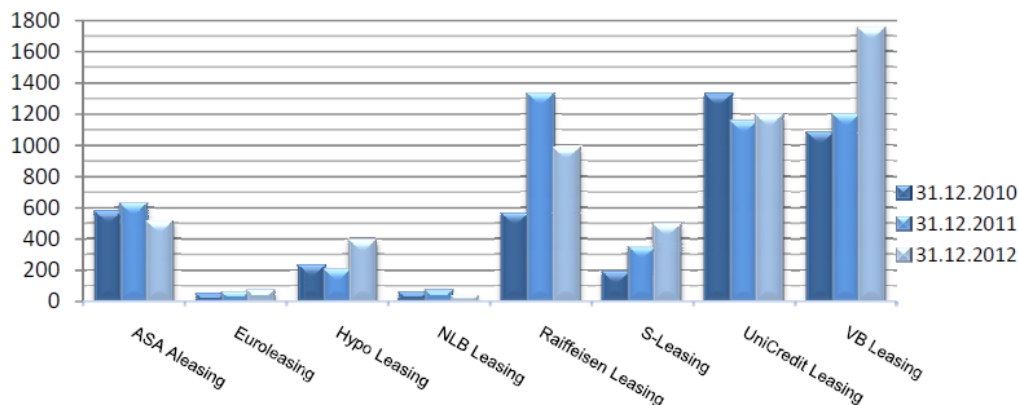


Figure 0-2 Growth According to Number of Contracts (Agencija za bankarstvo, 2014)

Although VBL achieved certain competitive advantage, they are still stubborn in intentions to keep their present good position and satisfied customers. Even though that VB Leasing reached number of 1700 signed contracts which is far away from their first follower, VBL introduced innovations in form of “E@syLeasing”. This product lies on agreement between VBL and dealers (cars, machines, trucks, buses, equipment etc.). Agreement is that when potential customer comes into saloon looking for particular asset, dealer offers him/her financing through VB Leasing with all advantages of using it. Then dealer sends personal data of customer to the VBL and in 2 hours a request can be approved. After that lessee (customer) and VBL signs contract, VBL pays to the dealer while lessee pays instalments to the Volksbank Leasing.

In the market of leasing services, VB Leasing is allocated over the competition through good business relationships with dealers, as indispensable factors in the process of upgrading of indirect sales. By training the sales staff of dealers, VB Leasing aims to create long-term competitive advantage. In the retailers' premises VBL installed a special application which is run by the sales staff.

"E@SY LEASING - FORMULA FOR THE FASTEST LEASING" is an application and a product of VB Leasing with two modules: B2B - B2C and module - module. All modules together form a unit which is interconnected and interrelated"(Jahić, 2013). A set of interface module is connected to the main application VB Leasing (core system). This system is designed exclusively for registered users (sellers). Administration of the system is performed through a list of codes in the main application, and access to the administrative part is only provided to persons with special privileges, to thereby avoid possible abuses. Each group of retailers has the VBL person who follows what the sellers of these groups are working with the offer, so it has access to all the actions that each user has made. Documents in pdf format are sent via e-mail.

As Jahić (2013) stated in his master thesis, E@SY LEASING allows retailers to use the internet for delivering to VB Leasing document in pdf format and by that way VB Leasing has priority when submitting bids. Immediately by the use of internet leasing agreement can be approved.

Methodology

With the aim of doing primary research we collected data and information on two ways. Quantitative and qualitative research was done. For quantitative research, survey was developed distributed to VB Leasing's clients from Sarajevo region. and for qualitative research, in-depth interview with director of VB Leasing was done. For the purpose of getting leasing users' opinion regarding marketing factors that were important to them in selecting leasing services, questionnaire was developed. "Method of survey is process by which on the basis of questionnaire data, information, attitudes and opinions are explored and collected about the subject of research"(Zelenika, 2000). Questionnaire was descriptive. By the questionnaire person's demographics, satisfaction and opinion were examined. Survey was contained of twenty questions. First part of survey was consisted of two demographic questions (marital status and type of employment). Also respondents were asked to state between how many leasing companies they were deciding when choosing leasing. Second part was consisted of five satisfaction questions where examinees were asked about how satisfied they are with leasing company. The last, but the most important part of questionnaire was about examining which of twelve listed marketing factors were most important for leasing users in selecting leasing services.

Survey was done in period from December 2013 until May 2014. In that period in Sarajevo region VB Leasing made contract with sixty five (65) new clients (physical persons) and survey was done with those clients. Surveys were passed personally. Out of those sixty five surveys, eight were taken into considerations due to certain mistakes in fulfilling so in consideration and for further analysis was taken fifty seven (57) responds. Example of questionnaire is added to appendices part of this thesis. Data were analyzed in SPSS program 18th version.

Beside questionnaire, also in-depth interview with PhD Slobodan Vujić, director of VB Leasing was conducted. "Interview is oral survey"(Zelenika, 2000). Interview was done at the premises of VB Leasing, in director's office in Unitic Centre, B block 7th floor. Interview was an "individual interview. It has a numerous advantages to group interview, because, by the experience more quality answers are obtained"(Zelenika, 2000). Mr. Vujić was asked to evaluate twelve marketing factors that influence leasing selection, but from the perspective of the company. Also, Mr. Vujić was kind so he also explained why each of these twelve factors is important.

Research questions developed to be tested through this research are as follow:

• RQ1 "Marketing factors that will be the most important in selecting leasing are: 1) Professionalism and credibility of company personnel; 2) Form simplicity; 3) Service quality; 4) Company image"

• RQ2 "Marketing factors that will play important role in selecting leasing are: 1) Grace period; 2) Processing speed; 3) Amount of interest; 4) Amount of cash participation"

• *RQ3 “Marketing factors that are not so important in leasing selection are: 1) Amount Annuity; 2) Repayment length; 3) Lower participation and higher interest; 4) Lower interest and higher participation”.*

In following section we will analyze all collected data and information from survey and in-depth interview with the aim and purpose of testing three above mentioned research questions.

Data Analysis and Discussion

In previous section we described how research was done, what questions it was consisted of and how it was delivered. Also we mentioned that in-depth interview was conducted. After that, now we are proceeding to see the results of questionnaire and to discuss about them.

Table 0-1: Marital Status of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Single	18	31.6	31.6	31.6
Married	39	68.4	68.4	100.0
Total	57	100.0	100.0	

For getting insight of what is the marital status of lessees, frequency statistics were used. It gave us percentages of single and married users of VB Leasing. From the table above (4-1 Marital Status) we can see that out of 57 respondents, 39 of them (68.4%) are married and 18 (31.6%) are single. It is obvious that more married persons are deciding to use leasing services than single persons. In the future it can be examined what is reason for that. Also companies can take action programs to involve more single persons to use leasing type of financing.

Table 0-2: Employment Status of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Employed in own company	12	21.1	21.1	21.1
Employed in someone's private company	39	68.4	68.4	89.5
Employed in public company	3	5.3	5.3	94.7
Retired	1	1.8	1.8	96.5
Unemployed	2	3.5	3.5	100.0
Total	57	100.0	100.0	

Table 4-2 Employment Status shows us in which type of employment are involved respondents. In this analysis we also used frequency statistics to get percentages of each employment status. Most of examinees, 39 out of 57 which make 68.4%, are employed in someone's private company. There are twelve (21.1%) respondents who are employed in their own private company. Just three out of 57 examinees are employed in public company, which is only 5.3%. There are only two leasing users that are not employed (3.5%) and only one retired person uses leasing services (1.8%). As we see from results, physical persons that are employed in someone else's company prefer leasing financing then persons which have different employment status. Reason for that can be that they have lower amount of cash (in comparison to persons employed in own companies) to be able to buy car or other equipment directly. To acquire certain equipment they go to leasing companies, use that object and pay monthly instalments.

Table 0-3: Choosing Between Companies

	Frequency	Percent	Valid Percent	Cumulative Percent
One	17	29.8	29.8	29.8
Two	22	38.6	38.6	68.4
Three	7	12.3	12.3	80.7
Four	5	8.8	8.8	89.5
Five and more	6	10.5	10.5	100.0
Total	57	100.0	100.0	

From Table 4-3 above we can see between how many leasing companies leasing users were deciding. Frequency statistics were used to have insight in percentages of each answer responded by examinees. Most of respondents had dilemma between two leasing companies. That dilemma had 22 examinees or 38.6% of all respondents. Seventeen respondents had no dilemma, 29.8% of examinees did not take in consideration other but one company. Between three leasing companies were choosing seven (12.3%) of respondents. Just five out of 57 respondents were deciding between four leasing companies what makes 8.8% of total number of examinees. Six examinees or 10.5% were taking in consideration five or even more leasing companies when they were about to use leasing services. As we see from table, leasing users were mostly choosing between two leasing companies.

Table 0-4: Satisfaction with Leasing Company

	N	Minimum	Maximum	Mean	Std. Deviation
Form Simplicity	57	2	5	4.19	.915
Procedure Speed	57	2	5	4.14	.895
Help During Application	57	2	5	4.02	.935
Kindness of Personnel	57	2	5	3.93	.961
Additional Services	57	2	5	3.96	.999
Valid N (listwise)	57				

Table 4-4 shows us lessees' satisfaction with business done through leasing company. Descriptive statistics were used in this analysis. When respondents were asked to express their satisfaction with leasing company they could select on the scale from 1 (disappointed) to 5 (extremely satisfied). From table above we see that all of the examinees are pretty satisfied with leasing company and business with it. For each of the factors seen from the table, the lowest answer was two (2) and maximum was five (5). Through this question five elements were examined and all of them have mean value greater than three (3) which is considered as neutral. As we can see, leasing users were mostly satisfied by form simplicity (mean value 4.19) they had to fulfil. This can be useful information for companies that have a little bit more complicated forms. Those companies should simplify them and they will probably have more satisfied clients. Mean values of other factors indicate us also lessees are generally very satisfied with service they've got from leasing company. The lowest of all mean values was one for kindness of personnel even though it is pretty high (3.93). According to this, managers of leasing companies should train and request from employees which are in direct contact with clients to behave more politely in order to have satisfied client who will starve to come back and use service again.

Table 0-5: Factors That Affect Leasing Selection

		Min imum	Maxi mum	M ean	Std. Deviation
Repayment Length	7	2	5	3. 91	1.023
Amount of Cash Participation	7	1	5	4. 26	1.078
Low Participation High Instalment	7	1	5	3. 89	.958
Low Instalment High Participation	7	1	5	3. 40	1.266
Service Quality	7	3	5	4. 67	.546
Processing Speed	7	3	5	4. 35	.813
Form Simplicity	7	3	5	4. 39	.701
Company Image	7	3	5	4. 46	.709
Amount of Interest	7	3	5	4. 07	.842
Professionalism and Credibility of Company Personnel	7	4	5	4. 86	.350
Amount of Annuity	7	2	5	4. 07	.923
Grace Period	7	1	5	1. 82	1.325
Valid N (listwise)	7				

Table from above (Table 4-5) shows us examinees opinions regarding each of twelve factors that are listed as important. Research done on these twelve factors is the main question of the research and the most important part of survey through which we want to examine our three Research questions and accept or reject them. For analysing this question we used descriptive statistics. If we sort mentioned factors according to their mean ranking from the highest to the lowest it will look as follows (mean value is in bracket):

1. Professionalism and Credibility of Company Personnel (4.86)
2. Service Quality (4.67)
3. Company Image (4.46)
4. Form Simplicity (4.39)
5. Processing Speed (4.35)
6. Amount of Cash Participation (4.26)
7. Amount of Interest (4.07)
8. Amount of Annuity (4.07)
9. Repayment Length (3.91)
10. Low Participation High Instalment (3.89)
11. Low Instalment High Participation (3.40)
12. Grace Period (1.82)

List above gives us easy opportunity to check our research questions. Following paragraphs will be dedicated for analysing our three research questions.

• *RQ1 “Marketing factors that will be the most important in selecting leasing are: 1) Professionalism and credibility of company personnel; 2) Form simplicity; 3) Service quality; 4) Company image”.*

According to research question, RQ1 and brief look on the list and the table, we can easily conclude that RQ1 is completely accepted. We can say that marketing factors that will be the most important in selecting leasing are: professionalism and credibility of company personnel, form simplicity, service quality and company image. Each of the four factors that were considered as important, are also proved as important by respondents in survey. According to lessees these factors are very important as evidenced by the lowest answer three (3), the highest maximum of five (5). Also means for these four factors are very high (lowest 4.39) which gives us clear picture and evidence that users of leasing pay huge attention to these factors. Leasing companies in order to gain bigger number of clients but also to keep existing ones should pay attention to have simplified forms, to make good company image, to improve their service quality and also to have well educated personnel. Beside answers from survey, we also have interview with Mr. Vujić. He as a director of VBL also shares opinion of the lessees and gives high marks for each of these factors. Additional information and explanation of his answers can be found in appendices part of this work.

• *RQ2 “Marketing factors that will play important role in selecting leasing are: 1) Grace period; 2) Processing speed; 3) Amount of interest; 4) Amount of cash participation”.*

Unlike RQ1 where we accepted it in total, it is not case with RQ2. If we take a look on the table 4-5, we can see not all factors are important as considered to be. Out of four factors that are considered as important in leasing selection, one of them is much less important. Three factors (processing speed, amount of interest and amount of cash participation) are important for users when selecting leasing services. They will pay attention to those three factors which is easily apparent if we take a look on their mean values (4.35, 4.26 and 4.07). Mean value for factor of grace period is very low (1.82) and it is lowest from all twelve factors. Also Mr. Vujić in considers processing speed as important as well as amount of interest giving them marks 5 and 4 respectively. Amount of cash participation in his opinion is neutral, grading it with mark 3. In his opinion grace period is somehow important (mark 3) what is not case with respondents and leasing users. We can conclude that even if grace period is considered as unimportant by lessees, leasing companies should not neglect it. Also leasing companies can work more and improve their processing speed of requests as well as to find optimum level for each client in deciding and setting interest rate and amount of cash participation. By taking in consideration these facts, we can partially accept RQ2 and say that marketing factors which will play important role in selecting leasing are: processing speed, amount of interest and amount of cash participation while grace period will not play so important role.

• *RQ3 “Marketing factors that are not so important in leasing selection are: 1) Amount Annuity; 2) Repayment length; 3) Lower participation and higher interest; 4) Lower interest and higher participation”.*

Third research question, RQ3, contains four factors that are considered as not so important for clients in selecting leasing. By doing research (survey) and making analysis, we found that out of these four factors, examinees agreed with us on three of them (repayment length, lower participation and higher interest, lower interest and higher participation). Their opinion is different when we talk about amount of annuity. They consider it as more important factor than other three. Table 4-5 shows to us mean values for each of these factors and according to that we can make decision. Same as RQ2, also R3 will be partially accepted. We can say that marketing factors which somehow are not so important in leasing selection are: repayment length, lower participation and higher interest, lower interest and higher participation while amount of annuity is considered as important. Also, in the interview Mr. Vujić graded amount of annuity with mark 4, which indicates that it is important and also that he as a director of leasing company share opinion of his clients which also means that he understands them well. But unlike for lessees, repayment length is more important to him (grade 4). For rest two factors he has neutral opinion, not considering them as important or not important. As a conclusion we can say that leasing companies should not ignore these factors in doing their business but they should pay more attention to first eight factors elaborated above.

Even if there is some difference between all factors according to their mean values, that difference is not so big except for grace period. We see from table 4-5 that eleven factors' mean values are from 4.86 till 3.40 what shows that even with small difference, all these factors are important to leasing users in leasing selection and sometimes small difference can play very important role in decision making. According to that, leasing companies have to pay huge attention to all marketing factors that can differentiate them from competitors. They should not neglect importance of any of mentioned factors and they should starve and make big efforts to keep existing clients and to attract new ones.

Conclusion

For many years leasing in Bosnia and Herzegovina used to offer the same leasing products and services to all leasing customers. The raise of competition seems to go in front the leasing company to adjust their services structure in order to "determine the leasing customer". As the leasing institutions are now attempting to make different themselves from each other, a new era has arrived which would be proven crucial not only for the institutions' market success but for their definite survival. Leasing managers are now required to implement the leasing marketing philosophy, aiming at identifying and satisfying the particular needs of leasing customers.

Findings of this study provide important information about factors that are important for leasing users. Also we saw satisfaction level of lessees by leasing services. These information can be very useful to leasing companies in way that they can concentrate their marketing strategies on important factors in order to gain clients' satisfaction and positive feedback.

This research can be useful for next generations that have intention to learn and explore leasing. Further research can be focused much more on leasing in Bosnia and Herzegovina, what are the obstacles and how to overcome them. Also different ways of how to do business in more efficient can be studied to help to improve economy of BIH and standard of living of all society.

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