



**ASSESSMENT OF PRACTICE AND CHALLENGE OF FREIGHT
FORWARDING IN THE CASE OF SOME SELECTED FREIGHT
FORWARDING COMPANIES IN ETHIOPIA**

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**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE**

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Declaration

I, Samrawit Tsegaye declare that this paper is a result of my independent research work on the topic entitled “Assesment of Practice and Challenge of Freight Forwarding in case of selected freight forwarding companies in Ethiopia” in partial fulfillment of the requirements for the Degree of Masters of Art in Logistics and Supply Chain Management at Addis Ababa University. This work has not been previously presented for a degree at any other university, and all references have been appropriately acknowledged.

Samrawit Tsegaye

Signature_____

Date June. 2024

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List of Acronyms and Abbreviations

3PL-Third party Logistics

EFFSA-Ethiopian Freight Forwarders and Shipping Agent Association

IT-Information Technology

IOT-Information of Things

AI-Artificial Intelligence

HS Code-Harmonized System Code

WTO-World Trade Organization

CAGR-Compound Annual Growth Rate

GMI-Global Market Insights

SPSS Statistical Package for the Social Sciences

Abstract

This paper examines freight forwarding practices and challenges within the context of selected companies in Ethiopia, namely MACCFA Freight Logistics, Freighters International Logistics, and Green Road International Logistics PLC. The study adopts a descriptive research design, utilizing primary data collected through a questionnaire comprising both open-ended and closed-ended questions. From a target population of 74 staff members engaged in freight forwarding practices, a sample of 60 responses was analyzed using percentage, frequency, and SPSS (Version 27). The result also indicated that the selected freight forwarding companies highly practice the efficient and timely delivery of goods while it was found out accurate classification of goods is poorly practiced related with the trade compliance practice. The findings reveal that lack of human resource is highly faced of the challenge faced in the freight forwarding practice while lack of information technology is moderately faced. Based on the study's findings, recommendations are proposed for freight forwarding companies in Ethiopia. The paper advocates for the implementation of training and capacity-building programs aimed at one of the enhancing employees' IT skills. Empowering staff with proficient IT capabilities is expected to optimize the utilization of IT tools and systems, thereby facilitating smoother freight forwarding practice.

Key words freight forwarding practices, challenges, MACCFA Freight Logistics, Green Road International Logistics PLC, Freighters International Logistics, Human resource, Information Technology

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Regional and global economies grow strongly on the strength of global trade. The benefits of international trade for countries and businesses are many, including the opportunity to share the results of their business activities and to provide people with a variety of options for purchasing their daily needs. In order to facilitate business growth and regional prosperity, these activities rely on international transport to connect cargo, people, and countries. International trade has become even more important in terms of the role of logistics. According to a publication by the WTO, over 75% of global trade is completed by containerized cargo shipping, and the rest of the cargo is primarily dependent on land or air transportation, indicating the high demand for freight forwarding companies (World Trade Organization., 2019).

A freight forwarding service is a specialized logistics solution that oversees and assists in moving goods from one location to another, acting on behalf of the shipper. Freight forwarding services are usually used by companies carrying out import and export activities abroad. Freight forwarding companies do not transport the goods themselves but act as a third party. In 2022, the market size for freight transport was USD 191.6 billion and is expected to grow at a compounded annual growth rate of 4% from 2023 to 2032 (GMI, 2023). According to Mohamed (2023), the services provided by freight forwarding companies include the negotiation of freight charges with the ocean carrier on behalf of the shipper, booking of cargo space on board ocean vessels, arranging cargo insurance, coordinating transport and labor, inland haulage of goods from the customer's warehouse to the port, temporary storage if necessary, cargo consolidation, preparation of shipping and customs documentation, and export paperwork.

Among the different practices practiced in the freight forwarding sector most freight forwarders rely on outsourcing of third-party warehouses to other companies, according to a SWOT analysis carried out in the sector. Due to the complex international trade regulations, there is a lack of awareness, lack of information technology and general coordination with manufacturers, which means that many freight forwarders practice warehouse practices every week. (Lokesh, 2020).

Fung (2006) freight forwarding companies help to facilitate the movement of goods across and borders, which plays an important role in international trade however the sector is affected by Economical, Technological, Environmental challenges Vasantha. S and S. Meena (2019) "A

study on Challenges faced by Freight forwarders in their operations in Chennai”. They have effectively tackled the challenges encountered by forwarders, primarily stemming from governmental regulations. Regulations require freight forwarders to confront these challenges. As Asia Pacific accounts for 34.9% of the global freight forwarding market, followed by Europe 32.7%, North America 22.7% and Middle East and Africa 5.7%. This indicates that the continent of Africa has a low level of practice in the freight forwarding sector and facing different challenges. (Statista, 2023). Freight forwarding must keep up to date with legislation, rules and regulations in both exporting and importing countries so that they can operate effectively. To this end, strong communication networks with government agencies and related entities need to be maintained.

Frehiwot, (2020), stated that among the freight forwarding practice transportation practices in Ethiopian freight forwarding companies, dependability, service flexibility, and safety are the most widely practiced and accepted, Conversely, service quality was rated as the least practiced due to the economic bottlenecks information technology and lack of human resource activities these companies face. The study also examined the practices relating to transit time, which revealed that these firms have a high priority for on time delivery of their goods to customers. Considering the above-mentioned facts, the research study aims to assess the practices and challenges of freight forwarding companies in Ethiopia, specifically focusing on the context of three forwarders in Ethiopia that can provide potential input to the study and are engaged in a variety of forwarding activities

1.2 Background of the study organization

The selected three companies are MACCFA Freight Logistics PLC, Green Road International Logistics PLC, and Freighters International PLC. MACCFA Freight Logistics PLC, established in 1994 and based in Addis Ababa, is engaged in import and export customs clearing, freight forwarding, transport, and shipping agency services. with extensive experience in the field, the company offers a wide range of freight logistics services in Ethiopia, including ocean and air freight forwarding, customs clearing, third-party logistics (3PL) services, ground transportation, packing and moving, and warehousing. Furthermore, MACCFA also offers services for the facilitation of foreign purchasing logistics as well as container freight handling. The company has, of course, a partnership with CMA CGM, the world's 3rd largest container shipping firm.

Green road International Logistics PLC is one of the leading worldwide logistics company since 1998. In Ethiopia, it operates as Green Road Ethiopia Logistics PLC, collaborating with the Top 100 Chinese Freight Forwarders. With a professional project and operation team spread across 50 branches in Africa, the Black Sea, Asia, and North and South America, Green Road

offers excellent door-to-door logistics services for international projects in industries and infrastructure. The company specializes in providing solutions for project cargo and supply chain services, including customs clearing.

Freighters International PLC, established in 1990 as a transport company based in Addis Ababa, has since expanded its operations to include surface freight forwarding, warehousing, trucking, and clearing operations throughout Ethiopia. Freighters is a joint venture with three globally recognized freight forwarding companies: STEDER Group, a Rotterdam-based company with operations worldwide; Hankyu Hanshin Express, headquartered in Tokyo, Japan, and operating globally with strategic cooperation agreements with other freight forwarders; and Air Tiger, a prominent Chinese freight forwarding company based in Shanghai.

1.3 Statement of the problem

The global trade value of exported goods has surged to approximately 24.9 trillion USD at current prices, a substantial increase from the 6.45 trillion U.S. dollars reported in 2000. This growth is indicative of the dynamic developments occurring in international trade and the critical role of freight forwarding practices (Sabanoglu, 2023). According to the Gitunix market data report (2024), the freight-forwarding sector holds approximately 50% of air cargo shipments and 90% of sea freight, demonstrating the significant role of freight-forwarding sectors in facilitating international trade. Therefore, it is vital to focus attention on assessing the challenges faced by the freight forwarding industry to ensure its continued effectiveness.

International trade involves the purchase and sale of goods and services by companies in different countries. It allows for the growth of one country. Logistics plays a critical role in global trade by facilitating the efficient movement of goods across international borders (Easley, D., 2021). Currently, according to the World Bank (2022), Ethiopia's import and export activities have seen considerable growth, boosting the importance of forwarding services. These providers serve as intermediaries in the supply chain, providing efficient transportation of goods between consumers and dealers.

Different services are offered by cargo agents in Ethiopia: customs clearance, insurance of consignments, documentation processing, and freight management. In order to make cost-efficient decisions, they also advise their customers on transport options and routes. Businesses can improve their import and export activities, increase their revenue, and enhance their competitiveness through the use of these services (Smith, 2020).

According to Gupta (2023), freight forwarding facilitates the seamless movement of goods across borders and between countries, serving as a vital link in the global trade sector. However, this sector faces a number of challenges and factors that can have an impact on its success, such

as cultural, economic, regulatory, technical, or political. Companies need to be aware of these challenges and develop strategies, like investing in technology, improving infrastructure, or strengthening workforce training, so as to cope with them and achieve success. In a fast-changing world market, they can continue to compete and succeed by taking such initiatives. Freight forwarding companies need to proactively address the challenges facing them in order to survive in an aggressive, multinational market. In order to meet the growing expectations of their clients, these companies will have to keep striving for solutions and improvements in quality standards so as to be able to take advantage of an increased degree of global trade.

Despite the various challenges that affect the Ethiopian freight forwarding business and the market share of Africa in global freight forwarding, there is a lack of literature focusing on Ethiopia that examines the practices and challenges in the Ethiopian freight forwarding sector. Elias (2020) has examined the practices and challenges in the Ethiopian freight forwarding sector. Most of the prior studies focused on descriptively assessing freight forwarding practices and related challenges in Ethiopia. From the above studies. The study investigated the practices and challenges of freight forwarding companies in Ethiopia and focused on the financial practices and cost management within the sector. The findings revealed a notable lack of robust financial processing software and effective working arrangements among many Ethiopian freight forwarding companies. However, while the study identified these challenges, it did not elaborate major practices and challenges in freight forwarding.

However, despite its significance, the freight forwarding sector in Ethiopia has not received adequate attention from researchers and the government. To improve international trade freight forwarding, a thorough examination of its practices and challenges is crucial.. There is a lack of studies in the freight forwarding industry in Ethiopia, as not much has been studied on the challenges and their practices. Therefore, this study endeavors to bridge this gap by assessing the practices of selected freight forwarders and identifying the challenges.

1.4 Research objective

1.4.1 General objective

- The general objective of the study is to assess the freight forwarding practices, and identifying the challenges in the selected freight forwarding companies in Ethiopia.

1.4.2 Specific objective

The study has the following specific objective:

- To identify the major challenges affecting freight forwarding practice in the selected freight forwarding companies in Ethiopia.

- To assess how freight forwarding practice is being executed in the selected freight forwarding companies in terms of customer focus service,
- To identify how freight forwarding practice is being executed in the selected freight forwarding companies in terms of operational excellence,
- To assess how freight forwarding practice is being practiced in the selected freight forwarding companies in terms of trade compliance,
- To examine how freight forwarding practice is being executed in the selected freight forwarding companies in terms of transportation management,
- To assess how freight forwarding practice is being executed in the selected freight forwarding companies in terms of logistics coordination
- To identify how freight forwarding practice is being executed in the selected freight forwarding companies in terms of trade facilitation

1.5 Research questions

- What are the major challenges affecting the freight forwarding practices in the selected freight forwarding companies?
- How freight forwarding practice is being executed in the selected freight forwarding companies in terms of customer focus service?
- How freight forwarding practice is being practiced in the selected freight forwarding companies in terms operational excellence?
- How freight forwarding practice is being executed practiced in the selected freight forwarding companies in terms trade compliance?
- How freight forwarding practice is being executed in the selected freight forwarding companies in terms transportation management?
- How freight forwarding practice is being executed in the selected freight forwarding companies in terms logistics coordination?
- How freight forwarding practice is being executed in the selected freight forwarding companies in terms trade facilitation?

1.6 Scope of the study

The research will be geographically limited to three selected companies located in Addis Ababa to make the study manageable enough. It will focus on examining the current practices of freight forwarding and the associated challenges. Specifically, the study will concentrate on practices of freight forwarding relating it with transportation management, customer focus, trade facilitation, trade compliance, operational excellence and Logistics coordination. The research will target permanent employees of each company who are directly involved in freight

and transportation operations to assess both practices and challenges the study uses qualitative and quantitative research approach.

1.7 Significance of the study

Understanding the current practices and challenges in freight forwarding is essential for enhancing international trade and business. This study will offer valuable insights for freight forwarders, enabling them to improve their operations and overall efficiency in the industry. By assessing the challenges faced by freight forwarders, policymakers can develop measures to address them effectively.

Freight forwarding plays a crucial role in the development of international business. Assessing the practices and challenges in the industry, businesses can identify opportunities for growth and expansion. Moreover, this study will provide a deep understanding in practice and challenges of freight forwarding by examining various variables, thereby fostering continuous improvement within the sector.

Assessing current practices and challenges, this study will facilitate the identification of opportunities to improve efficiency in freight forwarding operations. Additionally, it can serve as a source document for further research in this field.

1.8 Limitation of the study

Companies in this industry hesitant to disclose intricate details about their operations and obstacles, fearing the loss of a competitive edge. Moreover, accessing and analyzing sensitive competitive data was challenging due to the stringent data protection policies enforced by these firms.

1.9 Organization of the paper

There were five main chapters in the research. The introduction and background of the study, along with the problem statement, objectives, scope, and limitations, were covered in the first chapter. In the second chapter, the conceptual framework was developed and pertinent theoretical and empirical literature was reviewed. The research methodologies that have been employed are presented in the third chapter. The data analysis, presentation, and interpretation of the study were outlined in Chapter four. Ultimately, the main results, conclusions, and suggestions were covered in Chapter five.

1.10 Definition of terms

International trade-International trade refers the interchange of goods, services, and capital among nations or regions, usually entailing transactions crossing international borders. It encompasses various economic activities, such as the export and import of good (Adewuyi, M. O, 2021).

Freight forwarding service- freight forwarding service is a specialized logistics service that manages and facilitates the transportation of goods from one place to another on behalf of shippers. (Fung, A., Chen, Y., & Yip, A, 2006).

3rd party logistics-3PL provider is a company which supplies and/or co-ordinates logistics functions across multiple links in the supply chain (Samar Ali, S, 2013).

Transportation management-transportation management as the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirements. (David J. Bowersox, 2007).

Logistics coordination-Logistics coordination is coordinating and aligning different logistical tasks throughout the supply chain to ensure the smooth movement of goods, information, and resources from where they originate to where they are consumed (Christopher, M, 2016).

Operational excellence- Operational excellence refers to consistently applying efficient processes and methods that result in outstanding performance across various areas, including quality, productivity, customer contentment, and innovation (Itzhak, 2013).

Customer focus service- Customer focus involves consistently surpassing customer expectations through exceptional service experiences that foster loyalty and confidence. It underscores the significance of comprehending customer requirements, offering personalized interactions, and proactively resolving concerns to establish enduring customer relationships (Hykens, 2011).

Trade compliance-Trade compliance is the practice of following the laws, regulations, and policies that oversee international trade operation (Lisa .A Szymczak, 2016).

Cargo consolidation-cargo consolidation refers to a carrier that retrieves small shipments from multiple shippers, combines them into one consolidated shipment, and uses a simple mode of transport to deliver the combined shipment to a consignee's destination (Ajakaiye O.I, 2012).

Logistics-Logistics: is the process of merging of information, transportation, inventory, storage, material handling, and sometimes security. It serves as a vital component of the supply chain, enhancing value through adept and streamlined management approaches. ((waters, 2003)).

Warehouse-Warehouse is a facility used for storage of goods (Martin Christopher, 1992)

CHAPTER TWO

2. REVIEW OF RELATED LITERATURES

2.1 INTRODUCTION

This chapter focuses on the theoretical review of relevant literature regarding the challenges and practices of freight forwarding. Furthermore, empirical data about the difficulties and practices of freight forwarding are provided. Ultimately, a conceptual framework is created in accordance with the examined material.

2.2 Theoretical Literature Review

2.2.1 Freight Forwarding Practice

According to Lakesh (2020), in order to safeguard goods being received, ensure that vendors are transacting with the products to be delivered, promptly return rejected items, improve customer service, and use innovative approaches for loading and transporting goods, product/package volumes, and optimization, the freight forwarding business must ensure that material received and related information are processed and made available and promptly to production, store, and department. It must also completely and accurately document goods received and goods returned. Transferring goods to more environmentally friendly, energy-efficient modes in order to lower external transportation costs and enhance the system's environmental performance. The practice of freight forwarding is described as the coordination and facilitation of the transportation of goods from one location to another (John 2022).

2.2.1.2 Transportation management

Transportation plays a connective role among the several steps that result in the conversion of resources into useful goods in the name of the ultimate consumer it is the planning of all these functions and sub-functions into a system of goods movement in order to minimize cost and maximize service to the customers that constitutes the concept of business logistic the system, once put in place, must be effectively managed (Bempong,2019).

Transportation in the logistics system is more complex than carrying goods for the proprietors. Its complexity can take effect only through highly quality management. By means of a well-handled transport system, goods could be sent to the right place at the right time in order to satisfy customers' demands. It brings efficacy, and it also builds a bridge between producers and consumers. Therefore, transportation is the base of efficiency and economy in business and logistics activities and expands other functions of the logistics system. In addition, a good

transport system performing well in logistics activities brings benefits not only to service quality but also to company competitiveness (Wen Long Yue, 2005).

➤ **Freight booking and consolidation**

Freight booking and consolidation are critical aspects of freight forwarding ensuring efficient and cost-effective transportation of goods. Shipment consolidation (SCL) is a logistics strategy that combines two or more orders or shipments so that a larger quantity can be dispatched on the same vehicle. This enables considerable economies of scale, greatly reducing the transportation cost per unit weight. Shipment consolidation, a commonly used strategy in freight transportation, is the practice of consolidating several small items and then dispatching them on the same vehicle. If applied appropriately, a shipment consolidation program may drive out substantial costs in the logistics supply chain. Freight forwarders negotiate rate with transportation companies and consolidate shipments to achieve economies of scale (Ali ÜLKÜ, 2009).

2.2.1.3 Logistics coordination

Keeping an eye on the packing procedure to make sure that items are properly packed for transit is part of logistics coordination. In order to limit space usage and safeguard items from harm during travel, this entails choosing the appropriate packaging materials, following packaging laws, and perfecting packaging designs. Coordination of logistics also includes warehousing operations, in which products are momentarily held before being transported to their ultimate location. In order to maximize order fulfillment, storage space use, and inventory management, freight forwarders collaborate with warehousing providers (Christopher, M, 2016).

➤ **Packing and warehousing**

A warehouse is a crucial component of logistics warehousing, which plays a vital role in managing the supply chain. Logistics and warehousing are involved in the later stages of the supply chain, focusing on the movement of products from the production phase to their final delivery to customers. A key goal of warehouse management is to ensure quick delivery of products while keeping costs low. Warehouse management involves several key tasks, such as receiving products, organizing them correctly, keeping detailed records, and preparing them for dispatch (Ronald & Ballou, 1999). Third-party logistics (3PL) is an emerging concept in warehousing (Kneymeyer and Murphy, 2005). An organization cannot manage all warehouses effectively and efficiently, so this is an option to outsource warehouse operations to third-party contractors (Maltz, 1994). Organizations can save a handsome amount and avail themselves of the high speed of product flow with the 3PL concept. Organizations cannot manage all warehouses effectively and efficiently, so this is an option to outsource warehouse operations

to third-party contractors (Maltz 1994). Organizations can save a handsome amount and avail themselves of the high speed of product flow with the 3PL concept.

Packing supplies is another responsibility of freight forwarders. Freight forwarders must choose the right container, which is crucial as it will protect the cargo during transport. According to Peters and May (2023), depending on the type, size, weight, and shipping method, the right packaging needs to be chosen in the freight forwarding sector. Due to the large variety of cargo that is moving, freight forwarders must avoid mixing incompatible cargo, such as cargo that lets off moisture, which could harm other water-sensitive cargo, or items with sharp projections that should be separated from other cargo using suitable padding, crating, and boxing. Freight forwarders must consider the weight while packing the cargo inside the container and the total weight. (Mohamed, 2023).

2.2.1.4 Trade facilitation

Trade facilitation is the simplification and harmonization of international trade procedures, including activities, practices, and formalities involved in collecting, presenting, communicating, and processing the data required for the movement of goods in international trade. The freight forwarding industry is the lifeline of every country in terms of trade (Wilford, 2018).

➤ Custom clearance and documentation

Customs play a crucial role in global trade, and a poorly managed system can significantly influence the import and export of goods internationally. Inefficiencies in customs clearance procedures can lead to delays and increased costs, thereby negatively influencing international trade activities. Freight forwarders navigate the complex customs process and regulations, ensuring the goods move smoothly and legally across international borders. Their expertise in documentation and customs clearing helps streamline the import and export business (John Durgavich, 2009).

As a third-party logistics provider, a forwarder is an agent, which means that they are well-versed in the paperwork and procedures necessary for transporting goods over international borders. Freight forwarders often check the commercial invoice, shipper's export declaration, bill of lading, and any further documentation necessary by the carrier or destination country prior to arranging dispatch. Freight forwarders are responsible for ensuring that all necessary customs and insurance documentation is obtained, verified, and prepared (Mohamed Musthafa, 2023).

➤ Cargo insurance

Cargo insurance is a key part of cargo shipping that provides protection against loss or damage to goods during transportation. Cargo insurance covers the loss or damage of goods during

their transport, whether by sea, air, rail, or road transport. This usually includes protection against risks such as theft, accidents, natural disasters, and other unexpected events. Freight forwarders can make it easier for their customers to insure cargo, usually acting as intermediaries between the shipper and the insurance company. Ultimately, it is the shipper's responsibility to arrange appropriate insurance for their goods. The cost of cargo insurance depends on several factors, including the value of the goods. The mode of transportation, the route, and the level of coverage required. Shippers may choose to purchase insurance based on the declared value of the goods or their actual value, including freight and other associated costs (Borka ,2021).

2. 2.1.5 Customer focus

Rushton (2014) emphasizes the importance of customer focus in freight forwarding by emphasizing the need for freight forwarders to understand and meet the unique needs of their clients. Providing personalized services, clear communication, and tailored solutions are essential for building long-term relationships and ensuring customer satisfaction in the logistics industry.

➤ Cost Reduction

According to George (2017), he focuses on selecting the most efficient transportation routes to minimize transit times and delivery costs. Freight forwarders use advanced routing algorithms, geographic information systems (GIS), and real-time traffic data to identify the fastest and most reliable routes for shipments, ensuring an efficient and timely delivery to customers. Optimization is discovering an option with a largely cost-efficient or highly realizable performance based on certain restraints by capitalizing on required factors and reducing unwanted ones. The introduction of optimization in solving routing problems is referred to as route optimization. Route optimization is finding an alternative route among several others that is the most cost- or time-effective under the given constraints. There is sufficient public proof to accept as truth that route optimization, be it scientifically or based on the based on the mere reasoning of an individual, has been sought after in the current era and earlier than now. The spurring factor necessitating this prior to now was security. But recently, it can be viewed as both financial and ecological. The financial (economic) factor is concerned with reducing the cost of travel, and the ecological (environmental) factor is concerned with protecting the environment from vehicle emissions of smoke. As travel costs increase further and further, route optimization also becomes more imperative (Nwachukwu,,2016).

➤ Efficient and timely delivery

Efficient and timely delivery emphasizes the importance of sharing relevant and timely information among stakeholders to facilitate coordination, decision-making, and problem-

solving. Freight forwarders must utilize information exchange platforms, such as electronic data interchange (EDI), communication portals, and collaboration tools, to share shipment status updates, documentation, and operational details with customers, suppliers, carriers, and regulatory authorities and customers (Enquo, 2021).

2.2.1.6 Operational excellence

Operational excellence in freight forwarding involves optimizing every aspect of the logistics process to ensure efficiency, reliability, and customer satisfaction. Through operational excellence, freight forwarders can enhance their competitiveness, improve customer satisfaction, and achieve sustainable growth in the dynamic and competitive logistics industry. Smith (2018) defines operational excellence in freight forwarding as the continuous pursuit of efficiency, effectiveness, and quality in all aspects of freight forwarding operations. This includes optimizing processes, maximizing resource utilization, minimizing errors, and delivering superior service to customers. Operational excellence encompasses the adoption of best practices, the integration of advanced technologies, and the cultivation of a culture of continuous improvement within the organization. By achieving operational excellence, freight forwarding companies can enhance their competitiveness, increase customer satisfaction, and drive sustainable growth in the global logistics market (Itzhak, 2013).

➤ Documentation accuracy

Documentation is a fundamental aspect of quality management. It advocates for standardized procedures, rigorous quality control measures, and employee empowerment to ensure consistency and accuracy in documentation processes. By applying quality management principles such as Plan-Do-Check-Act (PDCA) and Total Quality Management (TQM), freight forwarding companies can identify root causes of documentation errors, implement corrective actions, and continuously monitor and improve documentation accuracy to enhance overall service quality and customer satisfaction (Yogesh, 2022).

2.2.1.7 Trade compliance

Trade compliance in freight forwarding refers to the adherence to regulations, laws, and requirements governing the international movement of goods. This encompasses various aspects such as customs regulations, export controls, sanctions compliance, security regulations, and documentation requirements. Freight forwarders play a crucial role in ensuring that shipments comply with these regulations to facilitate smooth and lawful trade across borders. Failure to comply with trade regulations can result in delays, penalties, fines, and reputational damage for both the freight forwarder and their clients. Therefore, maintaining a

strong focus on trade compliance is essential for the success and credibility of freight forwarding operations (Kneymeyer and Murphy, 2005).

➤ **Stay up-to-date**

Freight forwarding companies must stay informed about changes in trade regulations and compliance requirements issued by governmental agencies such as customs authorities, trade ministries, and international organizations like the World Trade Organization (WTO). Subscribe to regulatory newsletters and alerts from trusted sources to receive timely updates. Freight forwarders to continuously monitor changes in regulations, market conditions, and technology to remain competitive and provide value to their customers (C. John, 2021).

➤ **Accurate classification of goods**

Accurate classification of goods in freight forwarding is essential for regulatory compliance, cost optimization, risk management, and supply chain efficiency, ultimately contributing to the smooth flow of goods in global trade operations. The HS code is an internationally standardized system developed and maintained by the World Customs Organization (WCO). It provides a systematic classification framework with a hierarchical structure of codes and descriptions for various goods traded internationally. By applying the principles and guidelines of the HS code theory, freight forwarders can accurately classify goods, comply with customs regulations, determine appropriate tariffs, and facilitate smooth international trade operations (Alan, 2015).

2.3 Empirical Literature Review

2.3.1 The Freight Forwarding Business

The management of transport services, or freight forwarding, is meant to act as a representative of the owner of the goods by handling all the tasks required to carry out the delivery or acceptance of the goods, whether they are being transported by land, sea, or air. Receiving, keeping, sorting, packaging, marking, measuring, weighing, and keeping track of the settlement record are among the tasks involved. The additional actions include publishing the transport document, calculating the charges, arranging insurance for the goods, making claims regarding the delivery of the goods, and settling any bills or other expenses related to the delivery of these items as soon as the goods arrive (Baharudin, 2012).

A forwarding firm is a company that helps to connect different parts of the world. A freight forwarding company runs the activities of export and import and gives many advantages to the shipper or the consignee. Good service from a freight forwarder can save time for the shipper or consignee in setting up various things related to the export and import processes. In this case, the shipper or consignee does not have to think about the selection of transportation and the competitive rate (Vasantha, 2019).

Freight forwarding companies specialize in arranging the whole process for their shippers, from the storage to the shipping of their merchandise. They act as an intermediary between the shipper and transportation services, liaising with various carriers to negotiate on price and decide on the most economical, reliable, and fastest route. Using a freight forwarder to import and export goods can make the whole process much less stressful.

Extremely knowledgeable in the elements of the supply chain, freight forwarders can assist on all levels, from the packing and warehouse stages to the customs procedure, taking some of the pressure off their customers. Third-party logistics service providers are actors who provide integrated services or solutions for their clients, integrate vertically with them, and integrate horizontally with other logistics service providers (Makukha & Gray, 2020). They help their customers cut down on transaction costs through the efficient use of assets, integration of client supply chains, and consolidation of overhead costs (Zacharia, 2011).

2.3.2 Challenges faced in freight forwarding

According to Sundeep Gupta (2023) freight forwarders face different challenges related to quality control, environmental factors, and data privacy and security.

Quality control: Freight forwarding companies must ensure that goods are transported in a safe and timely manner and that they arrive at their destination in the same condition as when they were shipped. Failure to maintain quality control can lead to customer dissatisfaction and lost business.

Environmental factors: The freight forwarding industry is also affected by environmental factors, such as weather events and natural disasters. These events can disrupt supply chains and lead to delays and additional costs.

Data privacy and security: Freight forwarding companies must ensure that customer data is kept secure and confidential, particularly when dealing with sensitive information such as customs declarations and shipping documents. Failure to maintain data privacy and security can result in legal liability, a damaged reputation, and lost business.

Competition: The freight forwarding industry is highly competitive, with many companies competing for business. This competition can lead to price pressure and reduced profit margins.

Infrastructure challenges: Freight forwarding companies rely on transportation infrastructure, such as ports, airports, and highways, to move goods. However, inadequate infrastructure can cause delays and increase costs, which can impact the efficiency and profitability of the business.

Environmental factors: The freight forwarding industry is also affected by environmental factors, such as weather events and natural disasters. These events can disrupt supply chains and lead to delays and additional costs. **Political factors:** Political instability and changes in

government policies can also impact the freight forwarding industry. For example, changes in trade agreements or tariffs can lead to changes in the flow of goods, which can impact the business of freight forwarding companies.

The researcher furnished crucial empirical evidence vital for the study within the subsequent sections. This review of empirical data aimed to encompass a range of studies investigating the relationships among the variables being examined.

➤ **Lack of Information Technology**

Information technology (IT) is among the relevant factors assisting the business to penetrate a new market by being innovative and generating new products and services that help the growth of the business and company. . According to a study done by Mgunda (2020), “The Impacts of Information Technology on Business,” the lack of IT infrastructure inhibits automation, which leads to increased labor costs, processing times, and potential errors in a business.

➤ **Economic factors**

The US dollar is the most widely used currency in international trade. The value of the US dollar fluctuates on a daily basis. The foreign currency shortage and fluctuation is one of the challenge faced in a business because they can change at any time.. Varying nations have different costs that must be paid both at the point of departure and at the point of arrival. Some ships are forced to remain at sea because they are unable to pay the service or docking fees. These fees vary from port to port, and because there are no standards, it becomes a major issue. Further, most Kurihama (2013) studies on “Economic fluctuations and business cycles in Keynes's writings “have indicated that there is a negative relationship between international trade practice and exchange rate fluctuations, and a shortage of foreign currency has a higher operational cost in the business, as well as that currency fluctuation and challenge stakeholders in international trade and practice. Likewise, the lack of foreign currency is one of the challenge faced in freight forwarding practices.

➤ **Lack of Human Resource**

According to a study done by Milorad (2019) on “Human resources in logistics and supply chains: current state and trend,” This paper presents the results of the research on human resources in logistics and supply chains. The analysis covered different research projects in developed and developing countries. The study found that a lack of logistics experts in all positions and practices, a lack of competencies that require new technologies, and modern ways of doing business in all countries and regions challenges overall business practices.

➤ **Lack of political stability**

Political stability is vital or considered a founding factor for the economic development and consistent growth of a country. While an unstable political system can hamper industrial as

well as economic growth, according to a study conducted by Mark (2019) on the "Impact of the political environment on the business performance of multinational companies in Nigeria," the study found that the political environment challenges the business performance of multinational companies in Nigeria. In other words, when the political environment is unstable or violent, it adversely affects business profitability. The study points out that the Nigerian political environment is characterized by frequent changes in government policies, which hinder business.

2.4 Gap Assessment

There is limited research conducted in the freight forwarding sector. Further, there is no research that shows how the core practices in freight forwarding are practiced in the freight forwarding companies in Ethiopia. In addition major challenges faced in the freight forwarding sectors is not well assessed having a list of challenges would help freight forwarding companies become aware of them and take responsive action.

2.5 Conceptual framework

The conceptual framework of the study consists of two parts of analysis. The independent variables are factors which influence freight forwarding practice. The dependent variables are freight forwarding practice and the independent variables are economic factor, lack of human resource, political instability and lack of information technology.

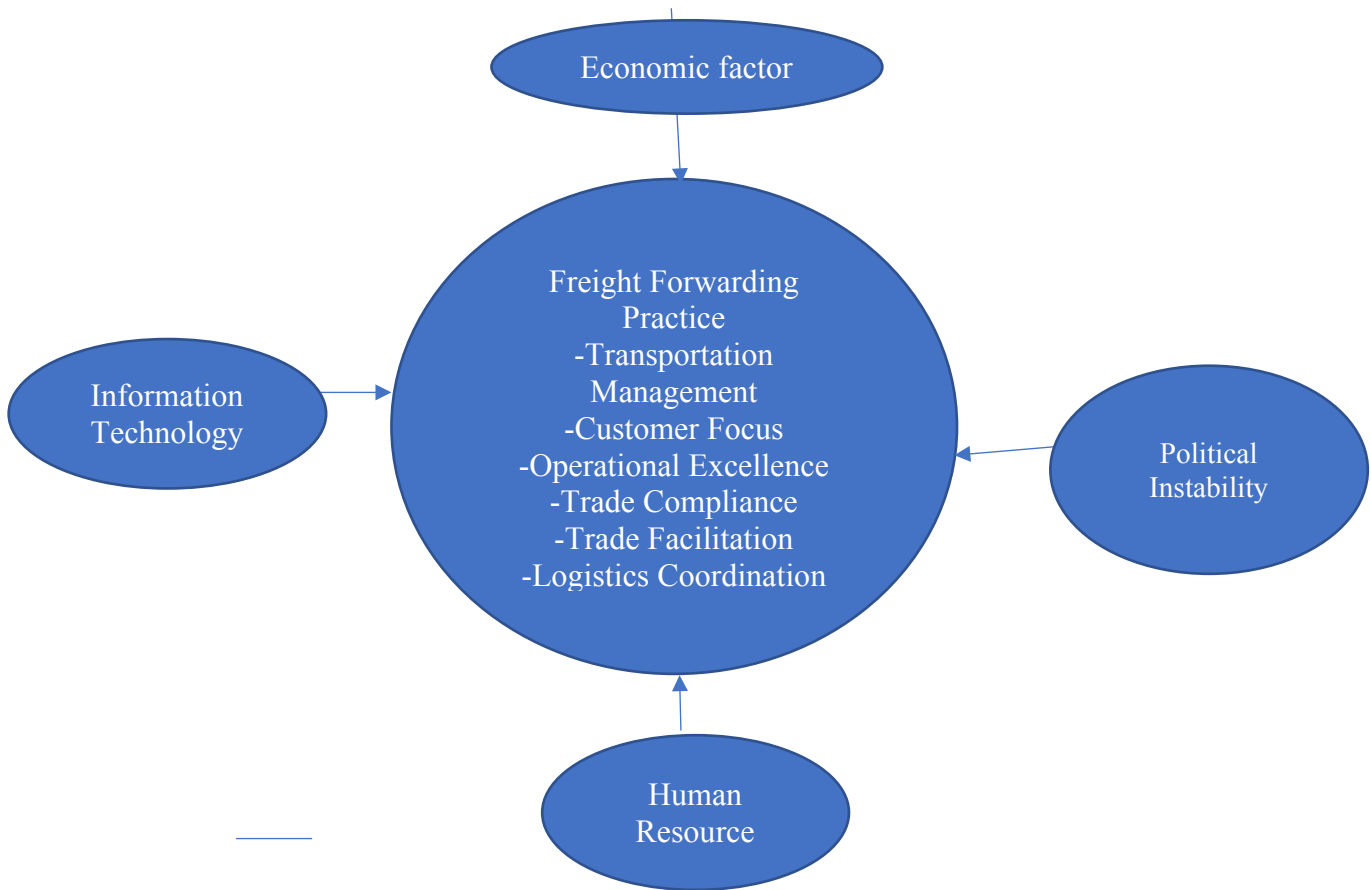


Figure 2.1: Conceptual framework of the study

Source: Researcher's compilation from literature and empirical review.

CHAPTER THREE

METHODOLOGY OF STUDY

3.1 INTRODUCTION

This chapter describes the research methodology that was applied to test the research questions of this study. It includes a description of the studied area, the research approach and design of the study, the target population and sampling techniques, data sources and types, data collection procedures, methods of data analysis, validity and reliability tests of instruments, and ethical considerations of the study.

3.2 Description of the study area

There are around 200 freight forwarders in Ethiopia that are registered with the Ethiopian Freight Forwarders and Shipping Agents Association (EFFSAA). Out of this, the research was conducted on the three selected companies: MACCFA Freight Logistics PLC, which is located around Saris Road in Addis Ababa; Freighters International PLC, which is located around Urael; and Green Road International Logistics PLC, which is located around Bole, Dumbel, and Addis Ababa. This company was selected, taking their extensive experience in customs clearing and freight forwarding practices into consideration. According to the EFFSA report for 2022 (efssa.org), These companies have extensive experience in customs clearing and freight forwarding transport, and they have been practicing freight forwarding practices for more than 20 years in the market, working with international carriers. Selecting this company provides fruitful information for the research.

3.3 Research approach

The study included a quantitative research approach to investigate the answers to the questions, starting with how much and to what extent this approach had been used to explain the practices and challenges faced in freight forwarding. The qualitative research approach is used to assess challenges.

3.4 Research design

A descriptive research design was employed in this study; descriptive research design was used in investigations that were focused on describing the characteristics of a specific individual or group. Using this type of research design in this study helped to provide a detailed description of the freight forwarding practices practiced by the selected freight forwarding companies and challenges faced.

3.5 Target population and sampling technique

In Addis Ababa, there are around 200 freight forwarders. Among these, one of the top companies was selected based on its extensive experience in customs clearing, freight

forwarding, transport, and shipping agencies. The study focused on MACCFA Freight Logistics PLC, Freighters International, and Green Road International Logistics PLC. A purposive sampling technique was used to select the company. This company is highly engaged in activities in the freight forwarding sector and in international trade (effssa.org).

There are 54 total employees who are directly linked with freight forwarding practices at MACFFA Freight Logistics PLC. Freighters International PLC has 15 employees who are closely related to the practices of freight forwarding. There are 5 employees who are closely linked to freight forwarding practices at Green Road International Logistics PLC. A census was taken, and all 74 employees were taken. Hence, the total population is manageable. A census method was used, which will also allow for the collection of precious data.

3.6 Data source and collection procedure

In this study, primary data was originated for the first time by the researcher through direct efforts and experience, specifically to address the research problem. This type of data collection is used to get an accurate and reliable source. Self-administered questioners were used in this study. A close-ended question, an open-ended question, and an interview were used to collect data.

A Likert scale was used, and the respondent was asked to respond to each of the statements in terms of several degrees, usually five degrees. A Likert-type scale is considered more reliable because, under it, respondents answer each statement included in the instrument. As such, it also provides more information and data (Kotaki, 2009).

3.7 Data Analysis

For the data analysis, descriptive statistics such as percentage, frequency, mean, and standard deviation were provided. The data obtained was represented in a simple and clear manner. Based on the information gathered, a conclusion and recommendation were suggested. The results of the data analysis were presented using tables. The data was processed using a statistical package for social science software.

3.8 Validity and reliability test

To ensure content validity, the questionnaires were crafted based on a comprehensive review of relevant literature in the field, with minor adjustments. Reliability refers to the consistency and stability of a measurement and thus addresses two questions: first, when applied to a similar situation, can the measuring instrument give similar or nearly similar results in two or more time periods or places Second, are the measuring devices capable of remaining stable when replicated the study used Cronbach's alpha to assess the research instruments' reliability and validity.

Cronbach's alpha is used to measure reliability and validity in SPSS version 27.0. This statistic assesses internal consistency, evaluating how well a group of items within a test captures a specific behavior or trait. Internal consistency is determined by the average correlations among individual items in a test. The alpha value ranges from 0 to 1, with a value of 0.70 or higher traditionally considered acceptable for reliability. Values below 0.70 indicate poor reliability in measuring the item (Zinbarg,,2005).

Table 3.1 Cronbach’s alpha of values

Item	Cronbach’s alpha value	Item
practice	0.902	17
Challenge	0.913	24
Total	0.9075	41

Source Own survey, 2024

The questionnaires’ had an alpha coefficient greater than 0.7. This indicates that the items on the scale possess strong internal consistency, which is evidence of their validity, for it can be concluded that all variables are suitable for further investigation. When interpreting validity alongside higher reliability, it is more likely to accurately reflect the underlying construct being studied.

3.9 Ethical consideration

It is useful to consider the ethical issues at all phases of the research process that can be estimated and described in the thesis. The divulging of information by employees that can affect the institution is among several ethical issues relating to the staff of any company. To check the ethical clearance of the study, respondents will be informed about the purpose of the study, not to mention their name in responding questions, and to get the response result or the report of the study. Therefore, the confidentiality of personal data is kept ethical.

CHAPTER FOUR

RESULTS, DISCUSSION AND INTERPRTATION

4.1. INTRODUCTION

This chapter focuses primarily on data analysis and interpretation, delving into the practices and challenges faced by selected freight forwarders. It presents the results of the study, which involved the distribution of questionnaires to gather data. The collected data is thoroughly examined using various analytical techniques to extract meaningful insights and draw conclusions in line with the research questions. The structure and methods of the analysis are meticulously designed to address the study's purpose. The data, once acquired, is organized, assembled, and analyzed utilizing the Statistical Package for Social Science (SPSS) software. This comprehensive analysis encompasses demographic information about respondents, survey findings, and an in-depth discussion to provide a deeper understanding of the research outcomes.

4.2. Descriptive Characteristics of the Data

Out of the 75 surveys handed out, 60 surveys were used for the study. Some people didn't return them, and others didn't fill them out correctly, so it was not included in the study.

4.2.1. Demographic profile of respondents

The respondents' demographic characteristics are included in this subsection. Age, gender, education, current position, and work experience were used to evaluate the demographic characteristics. In-depth analysis of the data is done in this section in order to show its general characteristics and frequency analysis. The frequency distribution of the data will be explained using a percentage.

Table 4.1 Gender of respondents

		Frequency	Percent
Gender of respondents	male	33	55.0
	female	27	45.0
	Total	60	100.0

Source Own survey 2024

The table above shows the sex composition of respondents who participated in filling out questionnaires. As per the result, of the total respondents, 33 (55%) are male, while the remaining 27 (45%) are female employees. These findings exhibit that most of the respondents are male. Identifying this demographic data helped to characterize the composition of the work force in the selected freight forwarding companies.

Table 4.2 Age of respondents

		Frequency	Percent
Year	18-30 years	22	36.7
	31-40 years	20	33.3
	41-50 years	13	21.7
	51 and above	5	8.3
	Total	60	100.0

Source Own survey, 2024

The second part of the table reveals that 36.7% of the respondents are aged between 18 and 30, with another 33.3% falling within the 31 to 40 age brackets. Additionally, 21.7% of respondents are aged between 41 and 50, while 8.3% are 51 years old and above. This indicates that the majority of respondents are in the 18 to 30 age range. Identifying age demographics allowed the study to explore how different generations perceive and experience freight forwarding practice and challenges.

Table 4.3 Education level of respondents

		Frequency	Percent
Level of education	Diploma	3	5.0
	BA/BSC	36	60.0
	MA/MSc and above	21	35.0
	Total	60	100.0

Source Own survey, 2024

Upon scrutinizing the educational backgrounds of the respondents, it was observed that 5% of them held diplomas, while a significant majority, comprising 60%, possessed bachelor's degrees. Furthermore, 35% of the respondents boasted educational attainment at the master's level or above. This delineates a diverse educational profile among the respondents, with a notable prevalence of bachelor's degree holder. The level of education provided insights in to expertise and knowledge base of individuals within the selected freight forwarding companies.

Table 4.4 Year of work experience

		Frequency	Percent
	below 5	18	30.0
	5– 6 years	19	31.7

Work experience of respondents	6 -10 years	17	28.3
	Above 10 years	6	10.0
	Total	60	100.0

Source Own survey, 2024

The respondents' tenure with the company varied, as illustrated in the table above. Among the total respondents, 30% reported serving the company for five years or less, while 31.7% had been with the company for a period ranging between five and six years. Additionally, 28.3% indicated a tenure of 6 to 10 years, with 10% reporting service of over 10 years. This distribution underscores the diversity in the duration of service among the respondents, highlighting a range of experiences and perspectives within the organization. Indicating this demographic part in the study helped to provide insights into the level of expertise and practical knowledge that individual possesses in the selected freight forwarding companies.

Table 4.5 Current position of respondents

		Frequency	Percent
Position of respondents	Officer	20	33.3
	Senior officer	16	26.7
	Team leader	14	23.3
	Director	10	16.7
	Total	60	100.0

Source Own survey,2024

In this study, the respondents held various positions within the organization. Officers constituted the largest group, accounting for 33.3% of the respondents, followed by senior officers at 26.7%, team leaders at 23.3%, and directors at 16.7%. Overall, the majority of participants held officer positions, indicating active engagement and representation across different levels of the organizational hierarchy. This demographic part elaborates on how different roles within the selected freight forwarding companies experience freight forwarding practices and challenges.

4.3 Descriptive Statistics of freight forwarding practice

4.3.1 Transportation management practice

Table 4.6 freight booking and consolidations practice (N=60)

Freight booking and consolidation	Mean	Std. Deviation
My company often consolidates shipments to optimize freight costs and efficiency.	2.93	0.778
My company uses technology and automation systems for freight booking and consolidation.	2.05	0.769
My company ensures compliance with regulations and documentation requirements during the freight booking and consolidation process.	1.85	0.685
My company uses different methods and tools to identify opportunities for consolidation (such as data analysis and reporting tools and load planning software).	1.82	0.770
Grand Mean	2.16	

Source Own Survey, 2024

In table 4.6, it is sought to see what freight booking and consulation practices of the company look like. In order to do that, the respondents were requested to respond to the statements on a 5-point Likert scale and indicate the extent to which they agree with the statements, that is: 5-strongly agree, 4-agree, 3-neutral, 2-disagree, 1-strongly disagree. As per the response from respondents, consolidation of shipments is practiced to optimize freight cost and efficiency in the company; it has the highest mean (2.93). This implies that the selected companies are cost-sensitive and will not absorb costs as much as possible. On the other hand, respondent's responses regarding the usage of technology and automation systems for freight and consolidation systems have a mean value of (2.05), and the respondents imply that they disagree with the compliance of the freight forwarding companies with regulations and documentation requirements during the freight booking and consolidation process, which has a mean value of (1.85). This means that the practice is not well practiced in the freight forwarding companies.

According to the responses gathered related to whether the companies use different methods to identify opportunities for consolidation, the results indicate that this practice is least practiced in the companies, with a mean value of (1.82). Thus, according to the Further Exploration interview, questions were held to provide deeper insight into freight booking and consolidation

practice, and respondents pointed out that there is disagreement on technology usage in consolidation practice, which further aligns and supports the quantitative finding.

According to the mean interpretation of Best (2005), the range from 1 to 1.8 indicates that the practices are very poorly practiced. 1.81-2.6 indicate that activities are poorly practiced. 2.61–3.4 indicate that practices are moderately practiced; 3.41–4.2 indicate highly practiced; and 4.21–5 indicate that practices are highly practiced. In summary, the grand mean of 2.16 suggests that freight booking and consolidation are poorly practiced. A study done by June (2015), "Study on Shipment Consolidation in the Environment of Supply Chain Integration," indicates that shipment consolidation within integrated supply chains offers significant benefits to the entire logistics system. It aims to lower operational costs by leveraging economies of scale and enhance the efficiency of logistics resource utilization, specifying that shipment consolidation can be well applied in the logistics sector, which indicates that freight consolidation is not well applied and practiced in the logistics activity.

4.3.2 Logistics coordination practice in freight forwarding

Table 4.7 Packing and warehousing practice (N=60)

Packing and warehousing practice	Mean	Std. Deviation
A good packing method is employed by the company to enhance efficiency and meet customer satisfaction.	2.93	0.756
The company has good quality control. in the packing of goods	2.08	0.743
Emerging technologies, such as RFID tracking, are being utilized to improve real-time visibility and monitoring of goods throughout the packing and warehousing process in the company.	1.98	0.792
Grand Mean	2.33	

Source Own survey, 2024

The responses indicate that freight forwarding companies prioritize good packing practices mean value of (2.93) to enhance efficiency and meet customer satisfaction. However, there is disagreement regarding the implementation of good quality control in packaging mean of (

2.08), suggesting a potential area for improvement to ensure the integrity of goods during transit. Moreover, the utilization of technologies for real-time visibility and monitoring of goods during packing and warehousing processes is least practiced mean of (1.98). This underscores the need for companies to invest in technology to enhance visibility and monitoring, which can lead to increased efficiency and cost savings by reducing errors. Implementing technology can lower operational costs in warehousing and packaging, ultimately benefiting the business and improving customer satisfaction. Furthermore, the result in the quantitative study are supported by the one of the qualitative research methods using interview the respondents' affirmation that they employ effective packaging techniques to meet customer needs, even though they don't rely on technological advancements in packing and storing indicating that they rely on non-technological approaches are applied to packing and warehousing. Over all practice of packing and warehousing practice has grand mean of (2.33) which indicate that the freight forwarding companies are poorly practicing it

4.3.3 Trade facilitation practice in freight forwarding

Table 4.8 cargo insurance practice (N=60)

Cargo and insurance practice	Mean	Std. Deviation
The company assesses and mitigates risk in its activities through the implementation of a cargo insurance policy.	1.87	0.791
The company selects appropriate cargo insurance to effectively manage the risks associated with international trade.	2.93	0.778
The company collaborates well with the insurance providers to provide efficient cargo insurance for customers.	2.05	0.769
Grand total	2.28	

Source Own Survey,2024

The findings suggest that while selecting appropriate cargo insurance to manage risks in international trade is relatively better practiced mean of (2.93), there are significant gaps in collaboration with insurance providers and the implementation of cargo insurance policies. Respondents indicate disagreement regarding the collaboration with insurance providers to provide efficient cargo insurance mean of (2.05) and the assessment and mitigation of risks through the implementation of cargo insurance policies mean of (1.87). This indicates that

freight forwarding companies don't effectively leverage insurance mechanisms to mitigate potential risks. Failure to collaborate efficiently with insurance providers and implement comprehensive insurance policies could expose these companies to financial losses and leave customers dissatisfied. It's essential for companies to recognize the importance of insurance in managing risks associated with international trade, take proactive steps to enhance collaboration with insurance providers, and implement robust insurance policies to safeguard their operations and maintain customer satisfaction. This result was further analyzed with an interview with the respondents. As per the interview result generated, there is a lack of cooperation with insurance service providers, which means they don't engage in joint initiatives or agreements with insurance companies. The overall grand mean (2.28) indicates that cargo insurance is poorly practiced. This finding can be supported by Cheruiyot (2015), "Challenges in the Uptake of Marine Cargo Insurance in Kenya." The research shows there is limited uptake of marine cargo insurance in Kenya due to insufficient awareness among the population and lack of coordination, perceived high costs from local providers, and negative public perceptions of insurance in general.

4.3.3.2 Custom clearance and documentation practice

Table 4.9 Custom clearance and documentation practice (N=60)

Custom clearance and documentation practice	Mean	Std. Deviation
The company navigates complex customs regulations and document requirements to ensure timely clearance of shipments.	1.85	0.685
The company engages different IT platforms to enhance efficient customs clearance and streamline the documentation process.	1.82	0.770
The company collaborates with customs brokers and regulatory authorities to facilitate smooth clearance of goods and ensure the accuracy and completeness of documents.	3.67	1.036
Grand mean	2.45	

Source Own Survey 2024

The findings from Table 4.9 The mean (3.67) indicates that freight forwarding companies collaborate effectively with customs brokers and regulatory authorities to facilitate the smooth

clearance of goods and ensure the accuracy and completeness of documents. This indicates that there is a high level of engagement and cooperation between these entities, which is essential for ensuring seamless cross-border movement of goods. However, there are notable discrepancies in other areas. Respondents express disagreement regarding the ability of freight forwarding companies to navigate customs regulations and document requirements to ensure timely clearance of shipments, with a mean of (1.85). This suggests that companies face challenges or inefficiencies in understanding and complying with complex customs procedures, potentially leading to delays in the clearance process. Furthermore, the lowest mean score of (1.82) indicates low engagement of IT platforms to enhance efficient customs clearance and streamline documentation processes. This highlights a significant gap in the utilization of technology to optimize customs procedures, which could result in missed opportunities for automation, efficiency gains, and improved accuracy in documentation. As per the qualitative result generated from the respondents, they indicate that the lack of IT utilization in the customs clearance process highlights potential efficiencies and challenges in managing international trade and also indicate the freight forwarding companies are collaborating well with custom brokers in order to ensure the completeness of the document. Thus, it can be concluded that the findings of the interview well align with the quantitative results gathered.

Overall, the results show that customs clearance and documentation are poorly practiced, with a total mean of (2.45). The result can be supported by Fitsum's (2020) "Assessment of Factors on Logistics Practice Performance In The Case Of Some Selected Logistics Service Providers," based on the finding that there is a significant delay in customs clearance in logistics service providers in Ethiopia due to a lack of integrity with regulatory agencies, prolonged customs clearance affecting the logistics performance of the service providers,] this finding support the result that indicate logistics service providers in Ethiopia are not well practicing the custom clearance practice.

4.3.3.3 Descriptive statics for Customer focus practice

Table 4.10 efficient and timely delivery of goods (N=60)

	Mean	Std. Deviation
Efficient and Timely delivery of goods		
Your company executes a good strategy to ensure efficient and timely delivery.	4.12	0.691
The company has adopted digital technologies to enhance the efficient and timely delivery of goods.	4.10	0.630

There is accurate data sharing and information exchange between the stakeholders in order to provide efficient and timely delivery of goods.	2.93	0.778
Grand Mean	3.716	

Source Own Survey 2024

According to the analysis of the respondents, the selected freight forwarding companies are executing a good strategy to ensure efficient and timely delivery of goods. With the highest mean of (4.12) as per the mean result, it indicates that the freight forwarding companies are highly practicing in the execution of strategies to ensure efficient and timely delivery. The results indicate that adaptation of digital technologies is also well practiced in the selected freight forwarding companies, and the respondents also agree on this. However, there is low practice among the selected freight forwarding companies in terms of accurate data sharing and information exchange between stakeholders in order to provide efficient and timely delivery of goods compared to the other practices listed. The results indicate that it has the lowest mean value of 2.93. The qualitative study that was done supports the quantitative output regarding the technology utilization and delivery strategies used. The overall grand mean indicates that the selected freight forwarding companies are highly efficient and timely in their delivery and the selected freight forwarding companies are well practicing the practice related with the customer focus.

4.3.3.4 Descriptive statics for cost reduction practice

Table 4.11 cost reduction practice (N=60)

Cost reduction practice	Mean	Std. Deviation
Route optimization software and predictive analytics tools are used to lower operating costs.	2.05	0.769
The company's best practices for cost reduction strategies over the long term	1.85	0.685
The company leverages innovation, sustainability and digital transformation to enhance efficiency and reduce costs.	1.82	0.770
Grand Mean	1.91	

Source own Survey, 2024

The results show that while there is some use of route optimization software to and predictive analytics tools to reduce operating costs mean (2.05), there is disagreement about the

company's best practices for reducing costs in the long term mean (1.85). . Furthermore, leveraging innovation, sustainability, and digital transformation to increase efficiency and reduce costs is not strongly supported on average. The results gathered from the interview indicate that there is low practice in the route optimization software, which could allow efficiency in the company and improve customer service. The grand mean (1.91) indicates that the selected freight forwarding companies are very poorly practicing cost reduction practices. A supporting finding of this research is a study conducted by Eirin (2016), “Barriers to lean implementation: perceptions of top managers, middle managers, and workers.” Many companies continue to face challenges and less practice in achieving sustainable and effective lean implementation. The grand mean of 1.91 indicating very poor cost reduction practices in freight forwarding companies aligns with findings from Eirin's (2016) study on barriers to lean implementation.

4.3.3.5 Descriptive statics for operational excellence practice

Table 4.12 data accuracy practice (N=60)

Data accuracy practice	Mean	Std. Deviation
Different IT solutions, like EDD, are used to enhance the completeness of documents.	2.93	0.778
The company's best practices for ensuring documentation accuracy in freight forwarding operations	2.93	0.778
Training is given to enhance the skills and knowledge of the staff in order to maintain data accuracy.	2.05	0.769
Grand Mean	2.64	

Source own Survey, 2024

As a result generated by the freight forwarding companies, respondents were neutral towards the implementation of IT solutions to enhance the completeness of documents with a mean value of (2.93), and they also indicated they were neutral towards ensuring documentation accuracy with a mean value of (2.93). Respondents disagree on the practice of data security related to the training given in the company to maintain data accuracy. The mean value was (2.05), with the least mean value indicating the selected freight forwarding companies are least practicing it. During the interview, respondents’ answers indicated that there is a gap in providing training to maintain data accuracy, which further supports the findings of the quantitative study. Sundeep (2016), “An Assessment of Challenges and Factors Influencing

the Freight Forwarding Business in the Logistics Industry.” In the content of the study, it is likely noted that precise and thorough documentation plays a pivotal role in ensuring the seamless functioning of the freight forwarding process. Freight forwarders bear the responsibility of overseeing various paperwork, including shipping documents, customs declarations, and compliance with legal standards; however, the study points out that freight forwarding sectors are not well practicing the activity.

4.3.3.6 Descriptive statics for trade compliance practice

Table 4.13 stay up to date practice (N=60)

Stay upto date practice	Mean	Std. Deviation
Different technologies and systems are used in the company to effectively manage and update their information.	2.93	0.778
The company effectively communicates updates and changes in information to their clients and partners.	1.82	0.770
The company frequently updates its information databases.	1.85	0.685
Grand Mean	2.2	

Source own Survey, 2024

In Table 4.13, the mean values of each of the measurement items of the productivity indicator were calculated between 2.93 and 1.82. The lowest mean value is registered as there is a lack of efficient communication updates and changes in information for their clients and partners, followed by the frequency with which the frequency with which the company updates information databases. As a result, it can be concluded that the selected freight forwarding companies have low up-to date practices related to trade compliance. The overall grand mean indicates that the practice is poorly practiced.

4.3.3.7 Classification of goods practice

Table 4.14 Accurate classification practice (N=60)

Accurate classification of goods	Mean	Std. Deviation
The company ensures accurate clarification of shipments in accordance with international trade rules and guidelines.	2.05	0.769
Specialized software or databases are used in order to accurately classify goods.	1.85	0.685

There are accurate guidelines used by the company to classify goods.	1.82	0.770
Grand Mean	1.906	

Source own Survey, 2024

The information suggests that shipping companies do not have precise guidelines for the effective classification of goods, as indicated by the lowest mean (1.82). It also reveals that there is disagreement between these companies regarding the use of software to accurately classify goods, with an average value of (). On the other hand, the mean (2.05) shows that these companies ensure that shipments are accurately processed according to international trade rules and guidelines to some extent. However, this score is below the midpoint of the Likert scale, suggesting that there is room for improvement in this area. As per the respondent's interview, they agree that there is a lack of clear guidelines in the company to classify goods, leading to errors. The overall grand mean indicates that there is poor practice in the accurate classification of goods by the selected freight forwarding companies.

4.4 Descriptive Statistics of freight forwarding challenges

4.4.1 Lack of information Technology

Table 4.15 Lack of information technology challenge (N=60)

	Mean	Std. Deviation
Lack of information technology		
Absence of information technology makes it difficult to share accurate information with customers	2.88	1.075
Lack of information technology reduces the operational excellence in the business operation	3.35	0.936
Absence of information technology tools and systems hinder freight forwarding ability to comply with complex trade regulation and custom requirement	3.33	0.914
Lack of information technology hampers the transportation management processes in the company	3.40	1.196
Lack of information technology tools hinders the coordination in the logistics activities in the company	3.23	0.981

Absence of information technology hinders the trade facilitation efforts in the company	3.38	0.885
Grand Mean	3.26	

Source own Survey, 2024

The findings elucidate the perspectives of respondents regarding the dearth of information technology within the designated freight forwarding practices. Analysis of the data reveals that the absence of information technology notably impacts information dissemination to customers, as evidenced by its relatively low mean score of (2.88). Conversely, the highest mean score of (3.40) shows that a deficiency in information technology obstructs transportation management processes within the companies. These findings underscore that while the selected companies encounter less pronounced challenges in information sharing with customers due to technological inadequacies, they face hurdles in optimizing transportation management. This underscores the imperative for implementing corrective measures and enhancements in this regard. On the other hand, the mean (3.35) indicates that a lack of information technology reduces the operational excellence in the business operations of the selected freight forwarding companies. The mean value (3.33) indicates that the absence of information poses challenges to complying with trade regulations. The mean (3.23) and (3.38) indicate that a lack of technology hinders logistics coordination and trade facilitation. The slightly higher mean score for trade facilitation indicates that freight forwarding companies perceive a greater challenge in trade facilitation than challenges faced in logistics coordination due to a lack of technology. As per the grand mean (3.2), this indicates that a lack of information technology is moderately faced by the selected freight forwarding companies highlighting an area where strategic improvements could yield a benefit.

4.4.2 Economical factors

Table 4.16 Economical factor challenges (N=60)

Economic challenges	Mean	Std. Deviation
Lack of foreign currency makes it challenging for the company to maintain the operational excellence	3.63	0.758
Lack of foreign currency hinders the freight forwarders ability to comply with international trade regulations	3.22	0.804

Absence of access to foreign currency hinder the company to secure transportation management with international carries	3.53	0.947
The lack of foreign currency hinders the company ability to coordinate logistics activities	3.35	0.936
Absence to access foreign currency impact the company ability facilitate in the international trade	3.33	0.837
Inefficient foreign currency limits the company practice in the customer focus	3.63	0.758
Grand Mean	3.45	

Source own Survey, 2024

According to the analysis, respondents within the freight forwarding company indicate that their company encounters challenges due to a lack of foreign currency, particularly challenging the operational excellence and customer focus, with both aspects receiving the highest mean score of (3.63). The analysis also reveals that respondents concur on the hindrance caused by the absence of access to foreign currency in securing transportation management with international carriers, indicating this as a prevalent challenge in freight forwarding companies, with a mean value of (3.53). Conversely, respondents imply that the lack of foreign currency impedes the freight forwarders' ability to comply with international trade regulations, with a mean value of (3.22), and they also point out that the absence of access to foreign currency affects the company's ability to facilitate international trade and coordinate logistics activities, with mean values of (3.33) and (3.35), respectively. The overall mean (3.45) in lack of foreign currency is highly faced challenge in the selected companies. This finding align with the finding of Minhaj (2020) “Causes and Impacts of Foreign Currency Reserve Crises in Ethiopia” the finding point out that Ethiopia faces foreign currency reserve crises, it creates substantial challenges for the country's efforts towards sustainable business development leading the business to face challenges in day-to-day practice related with the foreign currency.

4.4.3 Lack of human resource

Table 4.17 Lack of human resource challenges (N=60)

	Mean	Std. Deviation
Lack of human resource		
Lack of human resource limits the ability of the company to provide personalized and value-added services to customers.	3.22	0.940
Shortage of skilled personnel hinder the company ability to maintain high standard of operational excellence.	4.03	1.119
Due to the lack of human resource, it is challenging for the company to maintain accurate trade compliance activity	3.27	0.989
The absence of sufficient human resource hinders the implementation of successful transportation management in the company	3.00	0.803
The shortage of skilled personnel hampers the company ability to coordination and synchronization of logistics activities in the company	4.13	0.873
The shortage of skilled personnel makes it difficult for the company to provide trade facilitation service	3.28	0.804
Grand Mean	3.488	

Source own Survey, 2024

This is evident from the highest mean value recorded (4.13). Consequently, it can be inferred that a lack of skilled personnel leads to inefficiencies in logistics coordination, indicating an urgent need for improvement in this area. It is indicated that the lack of skilled personnel poses a major obstacle to the logistics activity.

The second-highest mean value, at (4.03) emphasizes that the scarcity of skilled personnel hinders the efficiency and accuracy of operational processes crucial for achieving organizational goals on a daily basis. Lack of skilled personnel poses a considerable challenge to achieving excellence in operation. However, respondents respond that on other challenges faced, such as the impact of human resource shortages on trade facilitation services mean value (3.28), trade compliance activities mean value (3.27), and the company's ability to deliver

personalized and value-added services to customers mean value (3.22),. These aspects received relatively lower mean values.

Moreover, the least mean value of (3.00) indicates that the absence of adequate human resources poses a minimal hindrance to the successful implementation of transportation management within the company. The results indicate that while there is a hindrance, it may not be perceived as severe as in other areas. The overall mean (3.488) indicates that freight forwarding companies are highly challenged by a lack of human resources.

4.4.4 Political Instability

Table 4.18 Lack of political stability (N=60)

Political Instability	Mean	Std. Deviation
Political instability hinders the operational excellence of the company.	3.28	0.846
Political instability poses challenges in the company related to the compliance of trade regulations.	3.22	0.804
The political instability disrupts the transportation management practices in the company.	3.63	0.758
Political instability in the country complicates the logistics coordination effort for the company.	3.95	0.910
Political instability hinders the company's ability to navigate complex trade facilitation activities.	3.33	0.837
The company faces challenges in customer service operations due to the lack of political instability.	3.27	0.936
Grand Mean	3.455	

Source own Survey, 2024

The results highlight that political instability in the country complicates the logistics coordination effort in the company. This challenge is particularly pronounced, as indicated by the highest mean value of (3.95), suggesting it ranks among the most pressing issues in the selected freight forwarding sector. Moreover, respondents indicate that political instability disrupts transportation management practices in the company, with the next highest mean value being (3.63). This suggests that transportation management, a vital tool for freight forwarders seeking competitive advantage in the global supply chain, is indeed hampered by political instability, according to the collected data.

Furthermore, respondents note that political instability hinders the company's ability to navigate complex trade facilitation activities (3.33.). Regarding operational excellence, respondents expressed the notion that political instability hinders company operations, with a mean value of (3.28). This suggests that while respondents perceive political instability as somewhat of a barrier to operational efficiency, it is not overwhelmingly significant. Similarly, the company faces challenges in its customer service operations due to the lack of political instability, as indicated by a mean value of (3.27).

Lastly, the analysis reveals that the least challenge faced by freight forwarding companies is relation to compliance with international trade regulations, with a mean value of (3.22), This indicates that, while political instability poses challenges, compliance with trade regulations appears to be less faced compared to other aspects of company operations.

The overall grand mean indicates that freight forwarding companies are highly challenged by the lack of political instability. This finding can be supported by Rania's (2020) "Political Instability and Economic Growth in Ethiopia: An Empirical Analysis." The study analyzes the political instability in Ethiopia throughout the period under investigation in terms of political stability and absence of violence index rates for countries based on their score, which could take any value between -2.5 (weakest in terms of political stability) and 2.5 (strongest). Throughout the period under investigation in 2005–2019, it was indicated that Ethiopia suffers from a high degree of political instability challenging the business sector. This finding supports the study that indicate business sectors in Ethiopia highly face a challenge related with the political instability.

Some of the challenges described based on the respondents' experiences were competitive market dynamics. The freight forwarding sector is fiercely competitive, featuring a mix of traditional participants and digital innovators competing for market dominance. Succeeding in this dynamic environment demands ongoing innovation, distinctiveness, and responsiveness to evolving customer demands and market dynamics. One of the most significant hurdles encountered involves navigating the intricate maze of international regulations and compliance obligations. Every nation has its own distinct regulations and protocols, complicating the task of ensuring seamless customs clearance and adherence to all pertinent legal requirements. Thus, the freight forwarding practice is affected by regulatory aspects since the freight forwarders must adhere to a multitude of regulations, including customs, security, safety, and environmental standards. Ensuring compliance with these regulations requires extensive knowledge, documentation, and procedures, adding complexity and administrative burden to operations. The other challenge indicated was supply chain disruption. Supply chain

disruptions have the potential to hinder freight forwarders' capacity to fulfill customer expectations regarding punctual and dependable delivery.

4.4 Summary of freight forwarding practice

Practice	Grand mean	Implication
Transportation Management	2.16	Indicates that transportation management practices are poorly executed, suggesting inefficiencies in logistical planning, route optimization, or delivery timelines. There is a clear need for improvement to enhance overall transportation management practice.
Logistics coordination	2.33	Indicates that logistics coordination practices are also poorly executed, implying potential issues with inventory management, supply chain visibility, or communication among stakeholders. Optimization efforts could significantly reduce operational costs and streamline processes
Trade Facilitation	2.365	Suggests that trade facilitation practices are moderately executed. While standards are maintained, there is room for improvement in streamlining trade processes such as customs clearance and regulatory compliance
Customer Focus	2.813	Indicates that customer focus practices are moderately executed, highlighting efforts to improve customer satisfaction but with room for further enhancement.
Operational Excellence	2.64	Indicates that operational excellence practices are poorly executed, signaling there is more room for improvement in the documentation practices
Trade Compliance	2.05	Indicates that trade compliance practices are very poorly executed, suggesting

		significant challenges in adhering to regulatory requirements and ensuring compliance.
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4.5 Summary of freight forwarding challenges

Table 4.20 summary of freight forwarding challenges

Challenges	Grand Mean	Implications
Lack of Information Technology	3.26	With a mean value of 3.26, this factor indicates that freight forwarding operations are affected by insufficient or outdated technology. This deficiency can lead to inefficiencies in the freight forwarding practice.
Economic factor	3.45	Economic conditions mean value within the freight forwarding industry indicate .
Lack of Human Resources	3.488	This indicates that freight forwarding companies perceive a high level of challenge related to human resources. A mean value of around 3.488 suggests that while it's not the most severe challenge they face, it is significant enough to be a concern.
Lack of Political Stability	3.455	This mean value suggests that freight forwarding companies also perceive a challenge regarding political stability. A mean of 3.455 indicates that they view political instability as a noteworthy concern.

4.6 summary of qualitative finding

Table 4.21 Summary of qualitative finding

Challenges	Description
Competitive Market Dynamics	The freight forwarding sector is highly competitive, with traditional players and digital innovators vying for market leadership. Success requires continuous

	innovation and responsiveness to customer and market needs
Regulatory Compliance	Navigating international regulations (customs, security, safety, environmental standards) poses a significant challenge. Compliance demands thorough knowledge, documentation, and adherence to diverse legal requirements.
Supply Chain Disruption	Disruptions in the supply chain can impede freight forwarders' ability to meet customer expectations for timely and reliable deliveries.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter typically focuses on presenting and interpreting the results obtained from the data analysis conducted in the earlier chapters. In this study, the researcher answers the research questions: what are the major challenges affecting the freight forwarding practices in the selected freight forwarding companies in Ethiopia, and how freight forwarding practices are being practiced in the selected freight forwarding companies in terms of customer focus, service, operational excellence, trade compliance, logistics coordination, trade facilitation, and transportation management. Thus, this chapter gives the summary conclusions, recommendations, and suggestions for further research based on the results in Chapter 4.

5.2 Summary of finding

When examining the outcomes in transportation management, it appears that consolidating shipments is seen as moderately significant for enhancing freight costs, but there exists a gap in the tools or techniques utilized to identify consolidation opportunities. This indicates a potential for enhancing transportation management and cost efficiency within freight forwarding firms. While there is considerable focus on logistics coordination and employing effective packing methods, there remains an opportunity to enhance the tools or techniques used for packing and warehousing. This discovery underscores a chance to boost efficiency and efficacy in the packing and warehousing procedures to better match the significance attributed to these operational aspects by freight forwarding companies.

Cargo insurance is essential for easing trade processes as it offers financial security against losses. Nevertheless, the chosen freight companies exhibit a lower average score when it comes to evaluating risks and integrating insurance measures. This implies that the company might not prioritize risk management practices or sufficiently safeguard against potential liabilities. Such oversight could expose the company to unexpected occurrences like cargo damage, theft, or delays, leading to financial setbacks or harm to their reputation. customs clearance and documentation plays a crucial role in trade facilitation by expediting processing, ensuring compliance with regulations, managing risks, facilitating trade flows, promoting transparency and predictability, and supporting the implementation of trade facilitation measure regarding this the selected freight forwarding companies the absence of IT platforms for customs clearance indicates a potential gap in the company's technology infrastructure. The company demonstrates proficiency in customs documentation practices by collaborating with brokers and customs authorities, which enhances smooth trade operations. Analysis of customer focus within freight forwarding companies reveals successful execution of strategies

for timely delivery of goods. However, there's a notable absence of route optimization software usage for cost reduction, potentially leading to customer dissatisfaction. Although some level of training is provided to staff for enhancing data accuracy skills, greater emphasis is placed on ensuring the completeness of documents to improve data accuracy. This highlights a prioritization of proactive measures, particularly thorough documentation practices, aimed at mitigating data inaccuracies and improving operational excellence within freight forwarding companies.

It appears that the chosen freight forwarding firms have adhered to international regulations for goods classification, enabling them to facilitate trade effectively and bolster trade compliance. However, it's noted that there are no precise internal guidelines for this classification process. This indicates a lack of standardized procedures or frameworks for categorizing goods based on their characteristics, composition, or regulatory mandates. Without clear directives, inconsistencies or errors in classification may arise, potentially leading to compliance issues, delays, or added costs for both the company and its clients.

While these companies demonstrate proficiency in managing and updating internal information, there is a gap in effectively communicating these updates and changes to clients. This gap underscores an opportunity for enhancing communication practices. By proactively seeking and staying informed about updates in trade compliance, freight forwarding firms can mitigate risks and maintain a competitive advantage.

The absence of sufficient IT infrastructure, political stability, lack of human resource and economical factors are challenges faced in the selected freight forwarding companies having lack of human resource as greatly faced challenges.

5.3 Conclusion

Over all finding indicate that in the selected freight forwarding practice related to customer focus ensuring efficient and timely delivery of goods stand out with a high mean score This suggests that freight forwarding companies prioritize meeting customer expectations and providing reliable service, which is crucial for maintaining client satisfaction and loyalty.

The research findings emphasize notable deficiencies in how freight forwarding companies utilize insurance strategies to handle risks in global trade. The empirical evidence and interviews uncover a troubling trend of insufficient cooperation with insurance providers and incomplete adoption of comprehensive insurance policies. This observation aligns with Cheruiyot's (2015) “study on marine cargo insurance uptake in Kenya” which underscores comparable obstacles in the broader landscape of insurance utilization. The findings from both Fitsum (2020) and the research finding highlight practices in customs clearance processes among logistics service providers in Ethiopia. Fitsum's study underscores the significant delays

attributed to a lack of integrity within regulatory agencies and the adverse impact of prolonged customs clearance on logistics performance which indicate there is low practice of custom clearance practice in the logistics service providers. Similarly, my research finding identifies a pattern of low practice in customs clearance practices among logistics service providers which improvement in the trade facilitation shall be done.

Based on the findings gathered, it is evident that the selected freight forwarding companies do not frequently use methods to identify opportunities for consolidation this finding accept the research done by June's (2015) research emphasizes that “effective shipment consolidation within integrated supply chains” the current study indicates that freight consolidation practices are not extensively adopted within the logistics sector. This disparity suggests a disconnect between the potential benefits identified in research and their practical implementation in real-world logistics operations thus related with the transportation management practice improvement shall be done which is not well practiced.

In the logistics coordination practice mean indicate that there is an area of improvement Trade compliance practice related with classification of goods and stay up-to-date practice reveal areas where there is opportunities for improvement.

The findings from Minhaj (2020) highlight the profound challenges that Ethiopia faces during foreign currency reserve crises, challenging the country's sustainable business development efforts. These crises create substantial hurdles for businesses, including those in the freight forwarding sector, as they struggle with day-to-day operational challenges related to foreign currency fluctuations and availability the finding also indicate that economical factors are one of the challenges faced in the freight forwarding sector,

As per the finding of Mgunda (2020) and Mandeep (2023), IT advancements are crucial for enhancing freight forwarding practices and overall business performance which this research finding aligns and supports the finding of this research which indicate information technology has challenge faced in the freight forwarding practice.

As per the result the freight forwarding companies stated that lack of human resource and lack of political instability, lack of information technology and economic factors are major challenge's faced in the freight forwarding companies.

5.4 Recommendation

Since the selected freight forwarding company does not currently employ methods for consolidating shipments, a recommendation is to introduce a consolidation program. This entails merging multiple smaller shipments from various customers into larger, more economical loads. Consolidating shipments will benefit the companies to cost saving and will help them to manage transportation practice.

The freight forwarding companies must establish proactive relationship with custom authorities which can help them to steam line clearance process. This can help to prevent compliance issues and helps to navigate regulatory complexities.

The selected freight forwarding companies shall implement lean principles applying lean principles and practices helps the companies to eliminate wastes in the freight forwarding process The companies shall invest in comprehensive IT system and implement automation and digitalization as well the companies shall provide continues training and support for the employees implementing IT will benefit the companies to stem lined operation and enhance visibility as well the training will help to have enhanced skills and competencies

The companies shall engage with local authorities and partners building strong relationship and maintaining open communication will help to gain insight about the political risks this will help the companies to enhance operational flexibility. Freight forwarding sector also shall include establishing diverse networks of suppliers, carriers, and partners across different regions to enhance flexibility and alternative routing options in response to political instability include establishing diverse networks of suppliers, carriers, and partners across different regions to enhance flexibility and alternative routing options in response to political instability

Respondents also indicate that Respondents suggest the creation of contingency plans detailing alternative routes, transportation modes, and backup suppliers to mitigate supply chain disruptions. Additionally, they propose that governments should aid the sector by investing in transportation infrastructure, reducing bureaucratic barriers, and expediting border clearance processes. Overall, respondents emphasize the pivotal role of government support in cultivating a conducive environment for the freight forwarding sector to prosper, innovate, and fuel economic growth and development. Through the implementation of supportive policies, infrastructure investment, skills development, and collaboration with industry stakeholders, governments can unleash the full potential of the freight forwarding industry and amplify its contributions to trade facilitation

5.5 Implication for future research

Investigate the adoption and utilization of emerging technologies such as Internet of Things (IoT), Artificial Intelligence (AI), and Block chain in freight forwarding practice. Future research could explore how these technologies can enhance efficiency, visibility, and decision-making in the practice.

Investigate the incorporation of sustainability measures in freight forwarding, encompassing efforts to reduce carbon footprint, enhance energy efficiency, and promote green logistics initiatives. Future studies might examine the adoption of sustainable transportation methods,

eco-friendly packaging materials, and route optimization techniques to mitigate environmental harm.

.Investigate the effectiveness of risk management practices in freight forwarding, including strategies for mitigating risks related to geopolitical instability, natural disasters, cybersecurity threats, and supply chain disruptions. Future research could explore innovative risk assessment tools

Future researches shall investigate the elements impacting customer contentment and allegiance in freight forwarding services, encompassing aspects like service excellence, openness, communication, and promptness explore the factors influencing customer satisfaction and loyalty in freight forwarding services, including service quality, transparency, communication, and responsiveness.

Examine the role of freight forwarding in facilitating cross-border trade and economic development, particularly in emerging markets and global trade corridors. Future research could analyze trade patterns, infrastructure investments, and policy interventions aimed at enhancing trade facilitation and regional integration.

Future studies shall incorporation of other variables not included in this study to enrich the strength and comprehensiveness of the study outcomes, facilitating a more detailed examination of the subject matter.

By addressing these research areas, future studies can contribute to advancing knowledge, informing industry practices, and addressing emerging challenges in the freight forwarding sector, ultimately improving the efficiency and reliability of freight forwarding sector.

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APPENDIX: QUESTIONNAIRE

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS SCHOOL OF COMMERCE

Dear Respondent, The purpose of this questionnaire is to gather relevant information that will be used for the study entitled Assessment of Practice and Challenges of Freight Forwarding on the selected freight forwarding companies in Ethiopia for the partial fulfillment of the MA in Logistics and Supply Chain Management from Addis Ababa University.

I would like to extend my deep appreciation to your company and to you for your willingness and cooperation in undertaking this valuable research. By taking part in this study, you will contribute towards alleviating the problem of freight forwarding challenges in the logistics process.

The information you provide will help me better understand the situation of freight forwarding practices and the challenges facing logistics companies. All data and information that will be gathered through this questionnaire will be used for the sole purpose of the research and remain confidential.

Therefore, I kindly request that you complete the following questions to reflect your opinions as accurately as possible and give factual information to the best of your knowledge. Thank you for your support and cooperation. If you have any inquiries, please

Kindly use the following address:

Thank you for your Co-operation!

Samrawit Tsegaye Phone no. +251 931562973

Email: - aklisamrawit@gmail.com

SECTION ONE: Demography of Respondents

Gender

Male Female

Age

18-30 years 31 – 40 years 41– 50 years Above 50 years

Your current position in your organization

Officer Senior Officer Team Leader Director CEO

Your educational background

Certificate Diploma BA/BSC MA/MSc and above

Your work experience in the freight forwarding industry

Below 5 years 5– 6 years 6 -10 years Above 10 years

Part I: Current Practices in Freight Forwarding related with freight forwarding functions

Transportation management in freight forwarding

No	Freight consolidation and freight booking	1	2	3	4	5
1	Our company often consolidate shipments to optimize freight cost and efficiency					
2	Our company use technology and automation system for freight booking and consolidation Process					
3	Our company ensure compliance with regulation and documentation requirement during the freight booking and consolidation process					
4	Our company use different method and tools to identify opportunities for consolidation (such as data analysis and reporting tools, load planning software's)					

Logistics coordination in freight forwarding

No	Packing and warehousing	1	2	3	4
5	The company ensure packed goods are adequately protected during transit time				
6	The company have good quality control .in the packing of goods				
7	Good packing method is employed in the company to enhance efficiency and meet customer satisfaction				
8	Emerging technologies such as(RFID tracking) is being utilized to improve real-time visibility and monitoring of goods throughout the packing and warehousing process in the company				
9	Goods are packed and delivered on time from the warehouse to the customers on time				

Trade compliance in freight forwarding

No	Cargo insurance	1	2	3	4	5
10	The company assess and mitigate risk in the activities through the implementation of cargo insurance Policy					
11	The company select appropriate cargo insurance to effectively manage risks associated in the international trade					
12	Delays are faced in custom clearance processes due to limited human resource in the market					

	Custom clearance and Documentation					
13	The company navigate complex custom regulations and document requirements to ensure timely clearance of shipments					
14	The company engage different IT plat forms to enhance efficient custom clearance and streamlining documentation Process					
15	The company collaborates with custom brokers ,regulatory authorizes to facilitate smooth clearance of goods and ensure accuracy and completeness of Documents					

Customer focus

No	Efficient and timely delivery	1	2	3	4	5
16	Our company execute good strategy to ensure efficient and timely service					
17	The company has adopted digital technologies to enhance the efficient and timely delivery of goods					
18	There is an accurate data sharing and information exchange between the stakeholders in order to provide efficient and timely delivery of goods					
	Reduced cost					

19	Route optimization software and predictive analytics tools are used to lower operating cost					
20	Best practices and strategies are employed by the company to minimize cost and maintain good service quality					
21	The company leverage innovation sustainability and digital transformation to enhance efficiency and reduce cost					

operational excellence in freight forwarding

No	Data accuracy practice	1	2	3	4	5
22	Different IT solutions like (EDI) are used to enhance completeness of documents					
23	The company best practice in ensuring documentation accuracy in freight Forwarding					
24	Training is given in enhancing the skills and knowledge of the staffs in order to maintain data Accuracy					

trade compliance in freight forwarding

No	Stay up to date practice	1	2	3	4	5
25	The company frequently update their information databases					
26	The company effectively communicate update and changes in information to their clients and partners					

27	Different technologies and systems are used in the company to effectively manage and update their information					
	Accurate classification of Goods practice					
28	The company ensures accurate clarification of shipments in accordance with international trade rule and guide lines					
29	Specialized software or databases are used in order to Accurately classify goods					
30	There are accurate guide lines in the company used to classify goods					

Part II challenges faced in freight forwarding companies
Lack of information technology

S/N	Statements	1	2	3	4	5
1	Absence of information technology makes it difficult to share accurate information with customers					
2	Lack of information technology reduces the operational excellence in the business operation					
3	Absence of information technology tools and systems hinder freight forwarding ability to comply with complex trade regulation and custom requirement					
4	Lack of information technology hampers the transportation management processes in the company					
5	Lack of information technology tools hinders the coordination in the logistics activities in the company					
6	Absence of information technology hinders the trade facilitation efforts in the company					

Economic Factors

S/N	Statements	1	2	3	4	5
1	Lack of foreign currency makes it challenging for the company to maintain the operational excellence					
2	Lack of foreign currency hinders the freight forwarders ability to comply with international trade regulations					
3	Absence of access to foreign currency hinder the company to secure transportation management with international carries					
4	The lack of foreign currency hinders the company ability to coordinate logistics activities					
5	Absence to access foreign currency impact the company ability facilitate in the international trade					
6	Inefficient foreign currency limits the company practice in the customer focus					

Human resource

S/N	Statements	1	2	3	4	5
1	Lack of human resource limits the ability of the company to provide personalized and value added services to customers					
2	Shortage of skilled personnel hinder the company ability to maintain high standard of operational excellence.					
3	Due to the lack of human resource it is challenging for the company to maintain accurate trade compliance activity					
4	The absence of sufficient human resource hinder the implementation of successful transportation management in the company					
5	The shortage of skilled personnel hampers the company ability to coordination and synchronization of logistics activities in the company					
6	The shortage of skilled personnel makes it difficult for the company to provide trade facilitation service					

Lack of political instability

No	Statements	1	2	3	4	5
1	Political instability hinders the operational excellence of the company.					
2	Political instability poses challenges in the company related to the compliance of trade regulations.					
3	The political instability disrupts the transportation management practices in the company.					
4	Political instability in the country complicates the logistics coordination effort for the company.					
5	Political instability hinders the company's ability to navigate complex trade facilitation activities.					
6	The company faces challenges in customer service operations due					

	to the lack of political instability.					
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Part III. Open ended Questions related to the practice and challenges faced in Freight forwarding.

1; State some of the major challenges faced by freight forwarders based on your experience?

2: What do you think will be helpful to get rid of those challenges?
