



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE

**ASSESSMENT OF THE PRACTICE AND CHALLENGES OF
FREIGHT FORWARDING IN THE CASE OF SELECTED FREIGHT
FORWARDERS IN ADDIS ABABA.**

By: - Birhan Feleke

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Advisor: - Mr. Tesfaye Belay

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Addis Ababa University
College of Business & Economics
School of Commerce
Department of Logistics and Supply Chain Management

This is to certify that, this thesis is done by Birhan Feleke entitled “Assessment of the practice and challenges of freight forwarding in the case of selected freight forwarders in Addis Ababa”, for the partial fulfilment of the requirements for the Degree of Masters of Arts in Logistics and Supply Chain Management. Signed by the Examining Committee:

Examiner: _____ Signature: _____ Date: _____

Examiner: _____ Signature: _____ Date: _____

Advisor: _____ Signature: _____ Date: _____

Chair of Department or Graduate Program Coordinator

Declaration

I, Birhan Feleke declare that this work titled “*Assessment of the practice and challenges of freight forwarding in the case of selected freight forwarders in Addis Ababa*”, is my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisor

BIRHAN FELEKE _____ Signature: _____ Date: _____

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Abstract

The objective of this paper is to assess freight forwarding practice and challenges in the case of selected freight forwarding companies in Ethiopia. The study focused on three selected freight forwarder in Ethiopia that are MACCFA Freight logistics, CLS Logistics Services PLC and DHL Ethiopian Airlines logistics service S.C. The study used descriptive research design with mixed approach. Primary data was collected through questionnaire with open ended and close ended questioners. From target population of 106 staffs and 21 customers that have been working with the forwarders for long, 87 staffs and 21 customers was selected using random sampling. Secondary data was also collected from books journal and the likes. Collected data from 92 responses out of 108 questioners were analyzed using percentage (%), frequency, and SPSS (Version 27). The findings of the study indicated that there is significant relationship between the dependent (freight forwarding practice) and independent variables (cost, human resource, political issues, economic issues, infrastructure and information technologies) and from the regression analysis political and economic variables have indirect relation with the practice and the remaining variables have positive relationship freight forwarding practice. All independent variables accounts for 86.3% in affecting the practice and it is recommended to that value of information technology should be emphasized more, safety and security of shipments needs to be given more attentions and Government needs to increase its efforts to organize the infrastructure system.

Lists of Acronyms and Abbreviations

ARA:	Actors, Resources and Activities (ARA) model
BI	Business intelligence
ICT:	Information and communication technology
ICT:	Information and Communication Technology
IFF:	International Freight Forwarder
KPIs:	Key Performance Indicators
LIS	Logistics Information system
LSP	Logistics Service Performance
NVOCC:	Non-Vessel-Operating Common Carrier
PRD	Pearl River Delta
SPSS:	Statistical Package for Social Science
VIF	Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

In this chapter background of the study, problem statement, research objectives, scope of the study, delimitation of the study, significance of the study and organization of the study are included.

1.1 Background of the study

According to Murphy & Daley (2001), Freight forwarding is recognized as a specialized industry that offers a range of services to streamline the shipment of goods. Conventionally, freight forwarding has played a crucial role as a mediator primarily concerned with the transportation of cargo from its point of origin (shipper) to its place of destination (recipient). Freight forwarding evolve mainly from customs brokers who provide customs brokerages services (Baluch, 2006). As the social economy continues to rapidly evolve, there is an increasing demand for freight forwarders to assume an expanded set of responsibilities. Nowadays, freight forwarding has surpassed its traditional role and now encompasses various industries such as manufacturing, trade, production, logistics, and transportation, among others. (HU, W. and JI, Z., 2019)

The term freight forwarding refers to the movement of equipment and supplies across international borders. It consists of strategic planning and execution for the international movement of goods on behalf seller, buyer or both. Freight forwarding also carry out freight rate negotiation, shipment/ container trucking, custom documentation. According to the World Customs Organization (WCO) in 2008, the efficiency of customs' operational processes has a significant impact on the transportation of goods across international borders around the world. Freight forwarding act as the bridge between customs and the customer which can be importer or exporters.

The logistics industry is undergoing significant growth due to a variety of contributing factors such as deregulation, mergers, alliances, and the expansion of logistics companies. (Cui & Hertz, 2011). Due to globalization, rising rivalry, the drive to improve order cycle times and inventory levels, traditional methods of establishing and managing logistics and the supply chain are currently ineffective for sustaining emergent firms. (Hertz & Alfredsson, 2003). The movement and storage of items as they pass through the supply chain channels is under the control of logistics. In the twenty-first century, logistics will be viewed as a component of management and can be divided

into four categories: corporate logistics, military logistics, event logistics, and service logistics. (Waters, 2003 & Coyle et al., 2003).

As per Huang et al, (2019). Freight forwarders serve as intermediaries between carriers and shippers, facilitating the procurement of a variety of transport solutions and generating profit by arranging delivery services. Due to their role as agents, forwarders possess comparatively greater flexibility to adapt to market changes since their investments in physical infrastructure are minimal compared to shipping or airline enterprises. Since the success of a freight forwarding business is dependent on the quality of the service it provides, it is a service-oriented industry. Therefore, achieving customer satisfaction through high-quality service is a crucial managerial objective.

1.2 Statement of the problem

Globalization and the global market are becoming more and more significant every day. As market expands across the globe, the need for logistics also grows simultaneously, the logistics sector takes great risk and responsibilities in the market. These market expansion opens great door for many freight forwarders to operate in the global market to satisfy the need across the world. Ethiopia is a land locked country in Eastern Africa and is dependent on third party port to facilitate the import and export trade. Most of the product we use in our daily lives are imported from across the globe which leads to higher demand for the logistics service. The logistics sector is one of the growing sectors in Ethiopia and many service providers are entering the sector to facilitate the trade well but the sector is still in underdeveloped state with many issues. (Arvis and Marteau, 2007)

As the need for freight forwarders increase the completion among the service providers also grows. To provide customers quality service, freight forwarders need to be able to create flexibility to fulfil the customers demand keeping in mind that they need to deliver service to the customer with the cheapest, easiest and fastest option to the customer. As per Murphy & Daley's (2001) speculation, the freight forwarding sector is undergoing significant fluctuations owing to changes in regulations, advancements in technology, increasing customer demands, and fierce competition. For their businesses to survive and prosper in this environment, freight forwarders must constantly adapt and evolve. Due to these factors, the majority of domestic logistics companies are now forming alliances with overseas logistics organizations in order to keep up with globalization and meet the growing demand for the industry.

There are many freight forwarders in Ethiopia that are operating in many difficult situations but each company is being forced to improve KPIs every time to compete with one another while ensuring high costs are not incurred. They need to strengthen their capacity to offer an expanding range of logistical services, which clients are increasingly expecting, in addition to consistently boosting their efficiency in freight forwarding. The fact that traditional freight forwarding services are no longer profitable owing to intense competition and improved transparency of freight forwarding fees is one factor for why Freight forwarders are attempting to broaden their service offerings. (Lai. and Cheng, 2004)

The significant growth of globalization, freight forwarding practice on one hand, and its unsatisfactory result on the other hand, pushed various researchers to conduct various studies. As Huang et al, (2019) empirically investigates the leading freight forwarders to find important customer requirements in East Asian region such as Japan, Korea and Taiwan. Kilibarda et al, (2016) advised that Freight forwarding companies should strive to develop a partnership with their clients. Concerning separate services, clients have the highest expectations regarding the physical distribution of the goods services, while these services, at the same time, have the lowest quality.

Nevertheless, there seems to be an absence of broad studies on the freight forwarding industry in Ethiopia as studies focus on aspects like their skills, services, and their relationships with their customers and not much has been studied on the challenges that is affecting their performance with low lead time and meeting KPIs'. Therefore, this study tried to fill the gap in literature by assessing the practice of selected freight forwarders and the hindrances they face.

1.3 Research question

The researcher tried to fill the research gaps by addressing the below research questions.

- ❖ What is the existing freight forwarding practice in the selected freight forwarders?
- ❖ How well do the companies deliver with low transit time and minimum cost to meet customer promise date?
- ❖ How well these companies operate in providing services and customer satisfaction?
- ❖ How does freight forwarding performance impact the company's ability to provide quality services while incurring low cost?
- ❖ What are the challenges influencing the practice in the selected Companies?

1.4 Research objectives

1.4.1 General objective

The overall objective of this study is to assess freight forwarding practice and challenges in the case of selected freight forwarding companies in Addis Ababa.

1.4.2 Specific objectives

- To analyze the practice of transit time, service quality and cost in the selected companies.
- To analyze the fulfilled roles of the selected freight forwarders.
- To analyze practice of technology and customer service in the selected companies
- To identify the major hinders that the selected companies face in successful implementation of their logistics services.
- To provide a solution for the hinders of freight forwarding practice under the companies under study.

1.5 Significance of the study

The study is significant for organizations that are directly or indirectly connected with in the logistics sector. It is also more significant for freight forwarders that are operating in Ethiopia in competition with one another. It is important for Freight forwarding service providers and other investors who wish to get into the freight forwarding industry. It gives insight about the challenges that freight forwarder faces. Additionally, it would be useful as a reference for other researchers who intend to conduct research in the same area, and it also provides the researcher with the chance to learn in-depth information freight forwarding industry.

1.6 Scope of the study

The study attempted to identify the difficulties that affect logistic service providers. According to their ability to frequently handle import and export shipments as well as their integration with global logistics and to also make the study approachable and controllable, the research is conducted in the three freight forwarding firms, all of which are in Addis Ababa, Ethiopia. The headquarters are selected for the research purpose as it is where the main logistics activity is performed and the study focus on the permanent employees of each company that are directly working in sales, freight and transportation to assess the practice and challenges of freight

forwarding. It also includes strategic customers that are key clients to the selected companies with long term of using the selected freight forwarders for the services they want to have.

1.7 Definition of terms

Logistics: is the function responsible for the movement of materials from suppliers into an organization, through its and then out to clients (Waters ,2003).

Freight forwarder: This 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. (OI Ajakaiye,2012)

Customs clearance: “These covers required customs clearance services that the company provides their customer to enable them move their goods across international borders. These services comprise customs document preparation and delivery, management of actual clearance process, import document preparation, and so on”. (OI Ajakaiye,2012)

Strategic Customers: are the ones that are existing customers with a high value for you and are also large part of your organization.

Trade facilitation: The term "trade facilitation" refers to the simplification and harmonization of procedures relevant to international trade. (Organization for Economic Cooperation and Development, 2005)

1.8 Limitation of the study

The research is narrowly focused on the chosen logistics service freight forwarders and there are many stakeholders in the industry that are linked directly or indirectly to one another but the study tried to assess Freight forwarding practice and challenges that are being faced in the selected three companies. The researcher's investigative study subject, as well as their ability to move beyond a single branch of each organization, is limited by resource constraints and geographical boundaries. Additionally, sensitive data pertaining to competition is difficult to access and analyze due to the data protection policies of companies.

1.9 Organization of the study

The study is organized in to five main chapters. This chapter consists of the background of the study that also covers the companies’ profile in Ethiopia. It also describes the basic area of research whilst the second chapter is devoted to the reviewing of relevant literatures. Under this chapter the

pervious literatures and studies related to the research are exhibited in both theoretical and empirical form. The third chapter explains on the presentation of the methods that are used in the study. It includes sampling design; procedures of data collection method and the analysis method. Chapter Four deals with the analysis of the results and interpretations. Finally, Chapter Five concerned with a summary, conclusions and recommendations.

CHAPTER TWO

RELATED LITERATURE REVIEW

This study's literature review section includes sections on the conceptual framework, empirical literature review, and theoretical literature review. The theoretical section provides an overview of the theories put forth on the subject under study over time by various academics. Although it was challenging to find a lot of literature that matched the study's title, the fundamental conclusions from some related studies are included in the review of empirical studies.

2.1 Theoretical literature review

2.1.1 Logistics

To achieve the highest benefit, an organization strategically oversees the procurement, transportation, and warehousing of raw materials, finished products, and associated information flows across its marketing channels. This is known as supply chain management. (Martin, 2011). Supply chain management practices incorporate logistics, which can influence an organization's competitive edge and overall performance. (Diriba, 2019) Efficient logistics practices are anticipated to enhance supply chain performance by improving factors such as cost-effectiveness, quality, on-time delivery, time to market, and innovation of the products. (Fernie, & McKinnon, 2011).

In terms of international sustainability, logistics has emerged as a crucial area for companies. If a logistics company performs efficiently, it can provide a competitive edge to both the organization and the country. (Akdoğan & Durak, 2016). Logistics and supply chain management constitute a complex network of processes and functions within an organization aimed at minimizing expenses and enhancing customer satisfaction. The concept entails interdependent actions to ensure efficient management of resources. (Bichou & Gray, 2004). Logistics is focused on the selection and arrangement of vehicles for transporting raw materials and finished products, as well as storing inventory in warehouses until it is needed for production or consumption. Efficient logistics practices can decrease procurement time, reduce warehousing and shipping expenses, improve delivery times and contribute to safe and dependable service. ((Onay & Kara, 2009; Aziz, Hillegersberg, & Kumar, 2010).

2.1.2 Function of Logistics:

Order Processing: It takes a lot of time and paperwork to process the orders that are received from clients, even if this task in and of itself is highly vital. There are various actions involved in the process, including scrutinizing the order to ensure it aligns with the negotiated terms on price, payment, and delivery. It also involves checking if the required materials are available in stock and taking measures to compensate for any shortages in production and scheduling. Additionally, any deviations from the original agreement should be acknowledged and communicated to the owner. (Martin, 2011)

Inventory Planning and management: Planning the inventory can assist a business in maintaining the right amount of stock, which will also contribute to the customer's satisfaction. This calls for activities like effective inventory deployment, order quantity engineering, service level optimization, and inventory forecasting, among others. (Martin, 2011)

Warehousing: Before being officially sold to the clients, the finished goods are stored in this location. This represents an important area of expenditure, and inadequate management of the warehouse can result in a multitude of problems. (Martin, 2011). For the warehouse industry, there is no overarching legal framework and no single government regulator. Depending on the type of activity and the organization running the warehouse, different laws and regulations may apply. (Martin, 2011)

Transportation: aids in the actual transportation of the items to the clients' location. This can be achieved through various modes of transportation, such as rail, road, air, sea, and so on. (Martin, 2011)

Packaging: An essential part of the physical distribution of the product, which affects how well the logistical system works. (Martin, 2011)

2.1.3 Supply chain

According to Lee and Billington (1995), the supply chain encompasses all the facilities that link the supply chain partners. This definition implies that the supply chain serves as a connection between the sourcing, processing, and transporting of raw materials and finished products across various systems. The supply chain is made up of numerous organizations and activities that allow materials to move from suppliers to consumers. Organizations work together in the real world, but

they might each be focused on a different task at any given time to facilitate the exchange of goods and services. (Waters, 2003).

A group of different entities (organizations or people) involved in the upstream and downstream flows of goods, services, money, and/or information from a source to the customers is referred to as a "supply chain." (Mentzer, 2004). Materials move through a variety of organizations and activities in the supply chain from suppliers to consumers. Throughout the supply chain, logistics is in charge of overseeing the movement and storage of materials. (Waters, 2003)

Since their methods of operation rely on tying together organizations, coordinating activities, and pooling resources from various organizations, logistics companies can be thought of as networking businesses. Because the logistics service providers collaborate with their clients and clients' clients both horizontally and vertically, there is a logistics service supply chain. (Cui and Hertz, 2011).

Logistics service providers can be categorized in a variety of ways. but when we see it on forwarder based as these companies don't own any assets. To meet the needs of their clients, they provide a variety of supplies and logistics services. For instance, Fritz and Hub Group are two of the companies in this group. These companies are once again engaged in logistics activities aside from their initial roles as forwarders and/or brokers. (Coyle et al., 2003).

2.1.4 Introduction of Freight Forwarding

As David, Bowersox and Bixby (2002) defined, Profit-making corporations known as freight forwarders group together small shipments from many clients to form large shipments that are moved by a single surface or air carrier. Upon arrival at the destination, the freight forwarder breaks down the big shipment into its initial smaller consignments. The forwarder may or may not arrange local delivery. The main benefit of using a forwarder is that it may convey small goods more quickly than If the customer interacted directly with the carrier that is commonly used and at a lower cost per hundredweight for large shipments. The performance of shipments is fully accepted by freight forwarders. Transport brokers who assist in matching carriers and customers are known as freight forwarders.

From the storage of their market to the delivery of it, freight forwarding businesses organize the entire procedure for their shippers. They serve as a liaison between the shipper and the transportation services, liaising with several carriers to negotiate prices and choose the most reasonably priced, secure, and efficient route. Its advantage also includes cost effective,

specialization, customs knowledge, special service organization, handles any load, cost and time effective, tracing service and secure.

2.1.5 Evolution of freight forwarding

The right and obligation to transport goods along particular routes has had a direct impact on freight forwarding since the fifteenth century. All cities along the route that were subject to this compulsion had to stack the goods according to the laws in effect at the time. (Ficoń, 2010). When goods were stacked during transportation, the delivery time increased and merchants suffered losses. As a result, the apparent buyer appeared who would provide a declaration of purchase for the items that the original owner still retained ownership of. According to K. Ficoń (2010), The goods would be shipped in the name of the apparent buyer, but at another person's expense and to the location specified by the first owner. The potential buyer additionally provided mediation in routing, selecting a mode of transportation, storage, and escorting goods.

An increase in commodity production, the growth of trade, and the development of transportation are all linked to the emergence of freight forwarding. The service of freight forwarding fosters the growth of trade, transportation, and commodity production. Buyers entrust specialized transport businesses with the safe transportation of their goods with carriers. The division of ownership rights from distribution services and the functional problems brought on by carriers, market suppliers, and shippers were the main factors that led to the development of freight forwarding. (Ficoń, 2010).

To effectively carry out international transportation, international companies joined forces with a specialized logistics service provider, the freight forwarder, to surmount challenges. Currently, the freight forwarder actively participates in the transportation process and is primarily concerned with the transportation of goods. (Petkevičiūtė - Stručko and Yauhen, 2018). The definitions of freight-forwarding tend to overlap in many literature sources, and the modern approach assumes that it encompasses a number of comprehensive activities. Fundamentally, freight forwarding is a service that arranges for the transportation of goods via strategically selected routes, vehicles, and modes of transportation. Its purpose is to facilitate the delivery of products from the purchaser to the intended recipient. (Marciniak - Neider and Neider, 2014).

Freight forwarding can best be characterized as a commercial activity that is delegated to a freight forwarding company. Since services entail doing something for someone other than oneself, this approach has both economic and legal justifications. (Wasilewska-Marszałkowska, 2014).

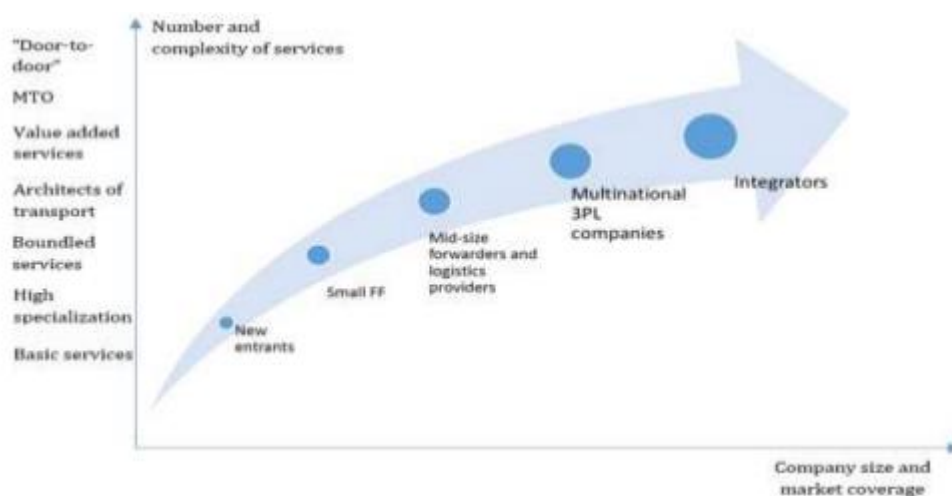


Figure 2. 1 Evolution of the freight-forwarding industry

Source: Freight Forwarding Industry - The Contemporary Role and Development Trends in Serbia by Stojanović D. and Veličković M., 2019.

The progression of the forwarding sector, the evolving function of the freight forwarder, and the market share of different entities providing services are illustrated in Figure 2.1.

The evolving landscape of world trade patterns and services has caused a shift in the function and meaning of a freight forwarder. As global commerce and communication technology continually advance, the responsibilities of freight forwarders have become more complex and varied, as noted by Kalpage in 2000. It involves:

1. To assist the ultimate buyer or seller, third-party logistics services can carry out tasks such as accepting incoming goods, organizing them, performing simple preparation, packing them up, holding onto them for short or long periods, shipping them out, and even handling invoicing and collecting payments for the buyer or seller.

2. Acting as a carrier, third-party logistics may enter into contractual agreements for block space with airlines, shipping lines, railways, or other transportation providers.
3. Door-to-door delivery refers to the transportation of goods through various modes of transport, which is all covered by a single document of carriage and responsibility.

2.1.6 Freight Forwarders

A freight forwarder is a company or organization that takes on the task of arranging the shipment of exports or imports for clients or shippers at locations such as seaports or airports. (Branch and Roberts, 2014). In the port setting, this would involve activities like collecting the cargo, procuring and issuing bills of lading, notifying about the arrival of goods, loading goods onto the transport mode, completing the necessary customs, import and export documentation, obtaining certificates of shipment, and arranging or organizing the cargo, storing it in a cold environment, moving it to a destination (including one nearby), conducting cargo or damage surveys, and other tasks. (Branch, 2008.)

2.1.7 Why Freight Forwarders?

Shippers are presented with the option of either carrying out certain functions in-house and contracting independent service providers, such as customs agents and transport companies, or doing everything themselves. (Ara S, 2014)

- I. Although some Sri Lankan businesses have opted for this approach, there are several factors that highlight the benefits of engaging a freight forwarder. One such advantage is the economy of integration.
- II. Airfreight credit feature helps to gain for more competitive fares and space
- III. If one single party is responsible for facilitating and controlling a shipment, there is improved information flow between all involved parties. As a freight forwarder, we can offer flexible and personalized solutions to meet specific needs.
- IV. Performing these services requires a significant amount of resources, infrastructure, knowledge, and staff which most shippers do not possess.
- V. Core business of a shipper could better make use of the management's time and resources, including staff, office space, and equipment.

2.1.8 Role of a freight forwarder

To understand the role of a freight forwarder, firstly it is important to give a brief introduction to the method of carriage of goods internationally by multimodal carriage and then consider an entirely different aspect of the carriage of goods internationally. Traditionally, freight transport is the economic activity responsible for managing removals. Usually a commodity in international trade. Forwarder is responsible for scheduling Organizing the removal of goods, networking all parties involved in the delivery, and Coordination between them, control of all processes and actors from departure to departure delivery location. They are responsible for the overall management. (Stojanović and Veličković, 2019).

Freight forwarders that are thriving in today's market may vary in size from micro-businesses to large corporations. They tend to specialize in particular market niches and offer comprehensive "door to door" delivery services. Their role can take on different forms depending on the legal system, ranging from acting as representatives or sponsors to customs brokers and multimodal shipping firms. The scope of their activities is quite broad, encompassing tasks such as customs clearance, intermediating all modes of transportation including multimodal transport by rail, road, sea or air, and performing logistical operations to provide a complete "door to door" service. The concept of delivering goods directly to your doorstep has been around since the late 19th century and was initially a part of traditional freight forwarding. However, over time, we have adapted and transformed into a provider and integrator of regional and global 3PL and 4PL services. Today, some experts consider us to be the most influential players in the logistics industry, providing companies with transportation, storage, dispatch, and delivery of goods to end-users or buyers, under different names but with the same goal. There is no doubt that our role is vital in ensuring smooth logistics operations. (Stojanović and Veličković, 2019).

Today freight forwarders' activities include the following functions (Stojanović and Veličković, 2019). Consultancy service, Air & Ocean services, packing service, custom clearance ocean / Air combination services, insurance and documentary services, transportation Service, air & sea freight charters, storage and warehouses and distribution.

2.1.9 The international Freight Forwarder

The trade industry greatly depends on the decisions made by the international Freight Forwarder when it comes to ports and fleets, as they are responsible for managing the entire process of cargo

logistics, sometimes even playing a crucial role. (Francou, 2000). International trade and transportation could not run as efficiently without a system of international freight forwarding. International freight forwarding is essential for connecting supply and demand, as well as production and consumption, through the distribution and exchange of goods. (Zelenika et al., 2000, p. 1). The main duty of a global freight forwarder is to handle all the challenging and complex tasks related to shipping, transporting, and delivering goods in international trade on behalf of their clients. Over time, many freight forwarders have expanded their services and evolved to become operators or integrators of logistics. While some may have started small with limited business and activities, they now offer all-encompassing logistics solutions. According to Schramm (2012), At least, new industries brought value to the established freight forwarding: an expanding market for contract or third-party logistics, express, and courier services

There is a range of different factors deemed important when selecting an IFF and no common opinion emerges from the literature regarding how the selection factors should be grouped. In McGinnis, (1989) seven categories: freight rates; reliability; transit time; over-supply, short-supply and damaged; market and carrier considerations; and product characteristics while Pedersen, and Gray, (1998) considered four groups of factors: timing, price, security and service. In Kahraman et al., (2003) it was suggested that selection criteria can be grouped into supplier criteria, product performance criteria, service performance criteria and cost criteria. It's interesting to mention some of the most important freight forwarders on a global scale. The top ten companies are Kuehne + Nagel, DHL Supply Chain & Global Forwarding, DB Schenker Logistics, Nippon Express, Panalpina, Sinotrans, Expeditors, SDV, DSV, and CEVA Logistics. (Burnson, 2015).

2.1.10 Service Quality in Freight Forwarding and performance measures

According to Brooks (1985), the service quality characteristics of the liner shipping industry include transit time, reliability of carrier's reputation, directness of sailings, frequency of sailings, and the schedule for the next ship departure.

You can accurately evaluate how well your business is doing with the aid of performance measurements. To accurately evaluate how well the firm is operating, performance assessment is necessary; you must create some quantifiable measurements. Your metrics should be able to easily distinguish between your business processes' strong points and those that require improvement.

The productivity of your business over a specific time period can also be assessed using performance measures. (Harrington, 1995).

Performance measuring activities are described as a process that records measures, displays outcomes, and leads to further actions. The problem that "performance indicators are to a large extent domain specific" is that "performance measurement activities and processes" (Lai, 2004). Therefore, it is impossible to select a specific subset of indications. Therefore, the choice is frequently company-specific, and corporate strategy is essential. The literature that is currently available on performance measurement in logistics offers a wide range of potentially useful indicators. The evaluation is based on the degree to which the overall productivity and how successfully the goal are accomplished. (Mentzer & Konrad, 1991)

2.1.11 Technology and Freight Forwarding

The logistic sector is concentrating due to the changing demands for freight transportation. to enhance the services offered, focus on implementing integrated information systems. services. (Caris et al., 2008). The creation and integration of new ICT is essential as it measures security pertaining to customs operations. Logistics has seen the use of ICT and encouraged as a way to increase logistics competitiveness. (Feng and Yuan, 2006).

According to Closs et al, (1997) The efficiency and responsiveness of the logistics sector have significantly improved and are now more competitive. For years have seen challenges for the logistics sector's freight forwarding sector. high levels of technological progress-related competition on a global scale. The term "technology capabilities" refers to the logistical information systems that forwarding companies can use to track and control supply chain networks and logistics. (Ahimbisibwe et al, 2016).

Technology is transforming the logistics sector, including freight forwarding, and speeding up, lowering the cost, and increasing the predictability of freight logistics. By implementing a variety of applications that will help the business run efficiently, freight forwarding companies must stay up to date with technology capabilities. (Gruchmann et al, 2020).

2.1.12 Transport logistics in developing countries

The ability to facilitate the movement of both passengers and goods across the globe is the most important aspect of transportation. The transportation logistics system's efficiency brings economic benefits and creates job opportunities. It also provides access to markets for products,

promotes commercial trade, and reduces the cost of doing business, similar to how economies of developed nations such as those in Europe and the USA, China, and Japan operate. (Rodrigue, 2013).

The performance of a supply chain is influenced largely by the quality of the road network. Road networks are a critical infrastructure in any nation as they enable the movement of people and goods. Creating a road network entails not only planning routes and allocating available resources but also assessing performance based on the consistency of the network. (Safeer. et al,2014) The transportation network system encompasses the roads, accessibility, standards of travel, and overall connectivity. When there is inadequate road connectivity, it can result in interruptions to the supply chain management process, making it unsafe. This, in turn, can lead to decreased customer satisfaction, delayed delivery times, and poor responsiveness to customer needs. (Parmar & Shah, 2016).

2.1.13 Customs clearance service

Different environments are used for the operation of trade facilitation. These environments' effectiveness significantly either slows down or speeds up the movement of goods crossing borders. The movement of goods across borders has been extremely beneficial for nations that have made an attempt to enhance the environment for trade facilitation. (Wilson et al, 2005)

Customs Clearance Issues by Durgavich (2009) reported that governments in recipient countries control the customs clearing processes, Customs clearance procedures can be complex and subject to modification. Importers who fail to adhere to local customs clearance procedures or encounter procedural setbacks may experience lengthy delivery delays, shortages of stock, or even stock-out situations.

Customs play a crucial role in the global trade and supply chain, and a poorly managed system can significantly impact the import and export of goods internationally. Inefficiencies in customs clearance procedures can lead to delays and increased costs, thereby negatively impacting international trade activities.

2.1.14 Major challenges that are faced

There are major challenges faced in the industry are as below (Hanif and Kaluwa,2016)

- **Political stability:** Any national or international political considerations that may favorably or unfavorably influence the performance of logistics performance are referred to as the political environment (Wanjiru, 2013). The political stability of the county greatly affects logistics performance and freight forwarders.
- **Access to ports:** According to Arvis and Faye, who conducted studies in 2010 and 2004 respectively, countries which are landlocked tend to face greater import costs and generate lower export revenues. Additionally, coastal nations might have political motives for dominating landlocked ones.
- **Poor Infrastructure:** Poor infrastructure in sub-Saharan African countries results in higher trade expenses, placing them at a competitive disadvantage in both regional and global markets, which makes it difficult for them to compete. (USITC, 2009).
- **Performance index of operations and KPIs:** To enhance the competitiveness of products on the global market, trade facilitation measures which may result in higher transportation expenses such as delays at transit borders, poor port efficiency, and time-consuming customs documentation procedures can be implemented. (Arvis et al., 2007).
- **Competition:** choice of freight forwarder, as the industry grows the number of freight forwarders that will participate will also increase. To compete in this growing market, managers need to have strategic view on their core competitive to be choice of customers. (Johnson, 2005)
- **Both international and domestic Rules and regulation:** The forces of the legal environment include labor laws, antitrust laws, regulations, health and safety policies, and national laws relevant to a particular business environment and the rules that industries within the business environment must follow. (Litavniece and Znotina, 2015)

2.2 Empirical Literature Review

The study “The Role of Logistics Service Providers in the Logistics Firms’ Supply Chain” was done by Ojo Iseghohime (2012). This study intends to contribute to the comprehension of competition within the global market among companies, including various logistics service providers such as freight forwarders, market booking calendars, and external logistics firms. These entities are simultaneously competitive and cooperative, forming a supply chain that delivers orders to customers. The paper aims to analyze the role of logistics service providers in a company's supply chain by identifying their expected functions. Qualitative and exploratory data

collection methods were utilized in this research. The study concludes that logistics service providers can participate in the supply chain through horizontal and vertical collaboration with other companies and logistics firms. In addition, the logistics companies fulfil their roles adequately. Carriers and logistics intermediaries perform more functions than the general perception since network connectivity and competitiveness drive them to provide value-added services.

From University Selangor, Malaysia, there is a study conducted on “Enhancing tracking practices in the Malaysian freight forwarding industry” by Zaharuzaman et al (2021). The study emphasized that all intermodal goods are moved on behalf of shippers through freight forwarding. Despite the fact that it might not be, the freight forwarding sector contributes to a nation's national output. To survive and compete with rival businesses, industries require businesses to keep achieving success. The journal evaluates the most recent research on tracking practices as well as industry practices in the freight forwarding sector. Moreover, it is anticipated that the use of documentation, freight readiness, route and technology capabilities to ensuring freight forwarding for Malaysian operations and practices that are more effective and Sustainability of the industry. The study contributes to the existing knowledge about the performance of freight forwarding, and can aid managers in responding effectively to formulate cost-effective logistics solutions.

The study “The factors affecting the sea transportation in the new globalization era” was prepared by Soner Esmer (2018). The study's objective is to identify the factors that, from the perspective of the container shipping and port industries, constitute the new globalization model and to rank these factors according to their significance. Data were gathered and analyzed using a research methodology that included quantitative (Fuzzy AHP) and qualitative (semi-structured interview) methods. The results show that there are 9 fundamental factors that will have an impact on port and maritime transportation in the future. The three most important elements of the new globalization model that will have an impact on maritime transportation in the future are climate change, industry 4.0 technology, and cybersecurity threats. The cybersecurity threat and climate change are observed to be present in the top two rows when the responses of port operators alone are taken into account. This can be viewed as expected given the potential detrimental consequences of climate change on the ports. The study's primary disadvantage is that it primarily applies to the container transport industry; however, future research may take other transport modalities into consideration.

The study “A study of the freight forwarding industry in Hong Kong” by Kee-Hung Lai & T. C. E. Cheng (2004). The findings of a study on the Hong Kong freight forwarding market are presented in this essay. An investigation was made into the traits of Hong Kong-based freight forwarding businesses, their capacity to offer various logistical services, the effectiveness of their customer service, and their perceptions about the future of the sector. To obtain information from freight forwarding companies (FFs) in Hong Kong about their characteristics, business goals, ability to provide different types of logistics services (service capability), and service performance, a survey questionnaire was created. Even while the study's findings only reflect the viewpoints of the service providers, they surely offer some insights into how the Hong Kong freight forwarding market is doing right now. The report also suggests key areas where businesses in the sector might enhance their performance and service competence. In the future, it is recommended that research efforts concentrate on developing a structured method that industry players, particularly those who are small in size, can utilize to enhance their services and reduce costs.

This article “Measurement of logistics service quality in freight forwarding companies: A case study of the Serbian market” by Kilibarda et al, (2016). The purpose of this investigation is to determine how customers from different market segments evaluate the quality of freight forwarding services, taking into account the structure of those services and the relationships between the parties involved. The study relies on surveys and the SERVQUAL model, and a methodology has been developed to measure the quality of logistics services provided by freight forwarding companies. In the empirical research phase, this methodology was used to survey 120 logistics experts who handle import and export trade flows and work with freight companies. The results were analyzed using factor analysis and ANOVA, and were used to verify the SERVQUAL instrument and hypotheses. The findings show that the quality of logistics services provided by Serbian freight forwarding firms is inadequate and does not meet expectations. Different market segments have varying perspectives on the level of service quality. Customer expectations and quality standards also depend on the way services are organized and how well customers and freight forwarders get along. Only one measurement tool is used in empirical research, and the results are only applicable to the Serbian market. The methodology and findings of the study have real-world applications and lay the groundwork for bettering forwarding and logistics service.

Major Reviews on the challenges describe on the conceptual framework

Human Recourse: The study: “The Impact of Human Resources Management in Logistic Service Providers and Supply Chain Capabilities” by Okeudo (2014). Compared to developed economies, the logistics service market in China experiences inefficiencies in its operations due to a shortage of logistics personnel and expertise. A research study looked into four Human Resource Management practices: training, development, recruitment, and selection. The study found that these practices were essential in developing logistics and supply chain capabilities. However, performance management and reward management were not as significant. This implies that conventional HRM practices created to reward individual performance may not be suitable for team-based logistics and supply chain competencies in China. Productivity and LSC are impacted by HRM practices, which are responsible for 88.1% of firm performance variance. Productivity is positively correlated with hiring, choosing, training, evaluating, paying, providing benefits, and offering health incentives.

Economic and political factor: the study “Political and economic factors in the evolution of North Korea's maritime connections by César et al (2009). This study aims to investigate the significance of a shipping company's nationality in choosing a port, particularly in light of shifting geopolitical landscapes. The research was limited to direct connections, and this made nationality a crucial factor as it denotes the company's territorial affiliation. The data available only tracks the movements of ships between their previous and subsequent ports of call. The study confirmed the importance of nationality in the formation and expansion of shipping networks, showing how North Korea's port activity is heavily reliant on foreign vessels due to technical obstacles faced by its fleet and ports. The research findings highlight variances in traffic volume (e.g., ship size, age, and docking time) and geographic reach between North Korean and foreign fleets. As Northeast Asia's flow related to North Korea undergoes reorganization, South Korean ports are often forced to adopt new roles. It remains to be seen how North Korea's new maritime connections will influence its political conduct and position in global geopolitics.

Infrastructure: the study “The Changing Role of a Freight Forwarder in Modern Supply Chains” by Slawomir S. & Adrianna K (2022). The article examines the contemporary role of sea freight forwarders in evolving global supply chains, utilizing literature studies and business practice in integrated reporting. The article examines the demand for freight services in Poland, conducts a SWOT analysis, and presents a case study of the global logistics operator A.P. Miller-Maersk. The freight forwarding industry is undergoing changes as transport services become more in demand

and involve multiple parties across the supply chain. Leading shipping companies like Maersk are diversifying their operations to include freight forwarding services. Studies have indicated that ship owners are bypassing sea freight forwarders, resulting in Maersk's launch of an online platform in 2021 that assimilates supply chains. The article delves into the concept of integrated reporting utilizing innovative data from the forwarding services market.

Information technologies: This article “Impact of information technology on the performance of logistics industry: the case of Hong Kong and Pearl Delta region” by Choy et al (2014). This research investigates how the implementation of information technology affects the level of logistics service provided in Hong Kong and the Pearl River Delta area. The study designs a theoretical framework that associates information technology capabilities with logistic performance by using both market-based and resource-based perspectives. To test this model, the researchers analyze a substantial amount of data collected from various logistics firms operating in the aforementioned regions and assess seven hypotheses. It discusses survey instrument construction, population description, data collection procedures, and variable measurements. Static equation modeling (SEM) techniques are used to test the model's validity. This study focusing on the relationship between ICT, LIS, and BI technologies and service performance dimensions with a results showing that LIS and BI are crucial for improving logistics service quality and competitive advantage. There is no direct correlation between information and communication technology (ICT) and either service quality or competitive advantage. LSPs should invest in BI and LIS to enhance logistics processes and service performance. Over all it shows that IT implementation directly enhances service quality and creates competitiveness.

2.3 Conceptual framework

The daily activities of the freight forwarding business are the dependent variable. Although there are many independent variables, the assessment of the difficulties that affect freight forwarding practice will primarily focus on five of them: cost, human resource, economic difficulties, infrastructure, and technological advancement.

Independent Variables

Dependent Variable

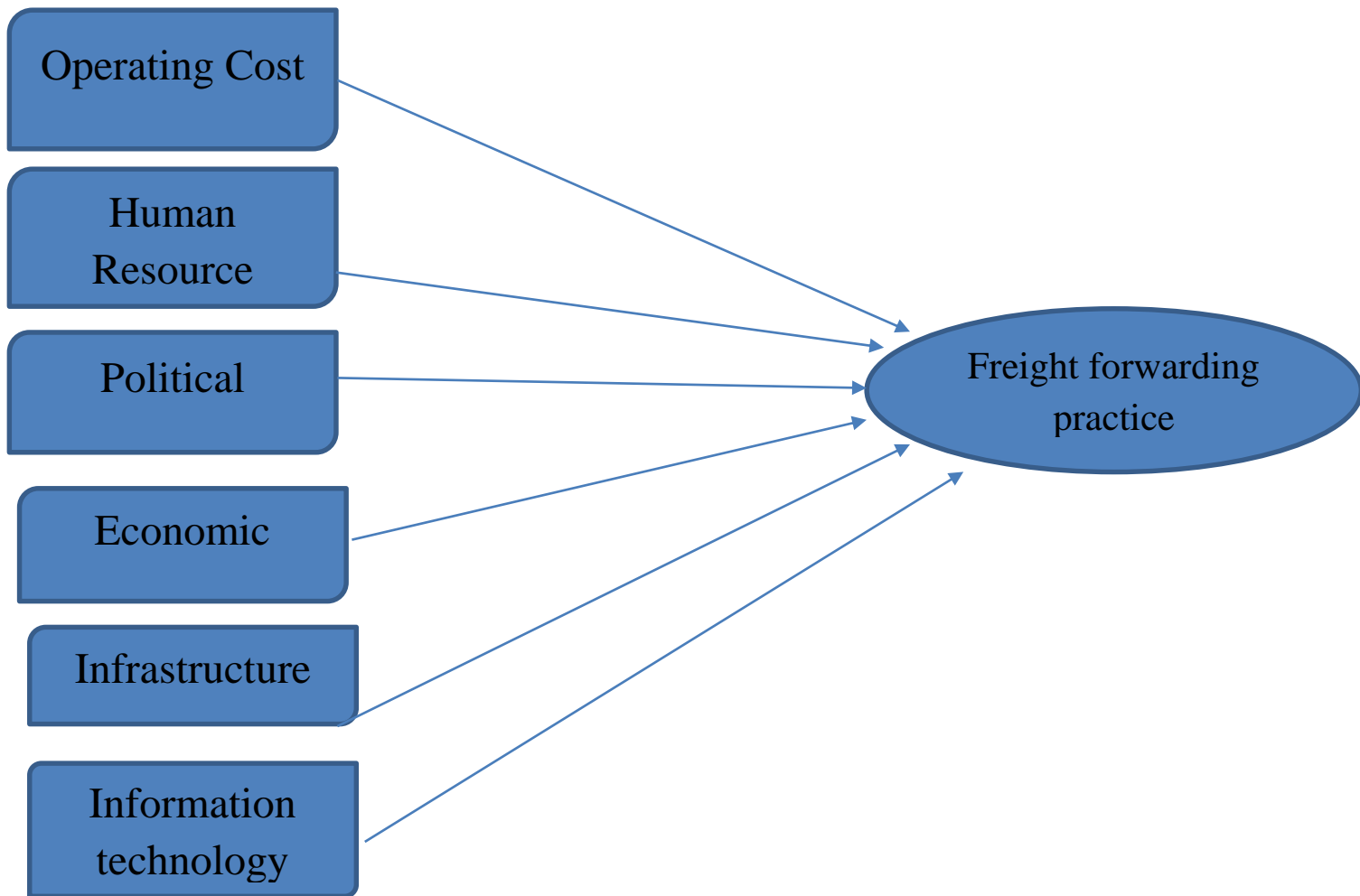


Figure 2. 2 Conceptual framework of the study

Source: own model based on literature reviewed

The conceptual design consists of two part of analysis. The left part which is the independent variables that includes that operating cost, human resource, political, economic, infrastructure and information technologies which represents the challenges faced during logistics service practice of the service providers, where the researcher will seek to obtain the final results by performing investigation. The right part is the dependent variable that is the freight forwarding practice which

is also mainly the very reason of the existence of the companies which is providing service in doing so the customer satisfaction is also key as their earnings also comes from the customers.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter addressed research design, research approach adopted, target population definition, sample design and sampling techniques, nature of the research instrument, data collection methods used, how data was validated and how reliability is measured, as well as methods for data analysis and presentation.

3.2 Description of the study

The study will focus on three selected logistic companies in Ethiopia. MACCFA Freight logistics CLS Logistics Services PLC and DHL Ethiopian Airlines logistics service S.C.

MACCFA Freight logistics was established in 1994. MACCFA offers a range of logistics services such as air and ocean freight forwarding, customs clearing, shipping agency, air cargo agency, 3PL, inland transportation, packing and moving, and warehousing. In December 2020, MACCFA joined forces with CEVA LOGISTICS, a branch of CMA CGM Group which is a global leader in the logistics and shipping industry.

CLS Logistics Services PLC was established in 1990 and provide logistics services including freight forwarding, transportation and Corridor Access. CLS also signed partnership with Bolloré Transport & Logistics. The signing took place in Addis Ababa on 13 March 2020 with the aim to offer their customers dedicated services meeting the highest international standard and to improve the supply chain of strategic sectors.

DHL Ethiopian Airlines logistics service S.C is part of the Global forwarding side of DHL which has been working since 1815 and provide end to end Logistics solution for the clients both in Air and Ocean Freight. It is part of DPDHL post Group. In 2019, DHL Global Forwarding and Ethiopian Airlines inked a new deal to create a joint venture named DHL-Ethiopian Airlines

Logistics Services S.C. The main objective of this partnership is to improve Ethiopia's logistics infrastructure and connectivity. By joining forces, DHL Global Forwarding has become the first international freight forwarder to set up a local presence in Ethiopia.

3.3 Research Approach

A research approach is a strategy and process that covers everything from general hypotheses to specific techniques for gathering, analyzing, and interpreting data. The choice of a research methodology is influenced by the researchers' own experiences, the nature of the research problem, and the study's participants. (Creswell, 2014).

According to Cresswell, (2012), There are three types of research: mixed, qualitative, and quantitative. The majority of researchers contended that the most effective research methodology depends on the study's objectives, available data, and related research questions. The quantitative research method collects numerical data and analyzes it using mathematical techniques to explain relationships or phenomena. (Muijs, 2010). Considering the above description. The study used mixed approach including both qualitative and quantitative approach. It has the benefit of allowing for the triangulation and support of data and results gathered through questionnaires.

3.4 Research Design

The research design is the conceptual framework for the research, serving as the manual for gathering, measuring, and analyzing the variables specified in the research problem. (Kothari, 2004). Exploratory, descriptive, and explanatory research designs are the most often utilized types of research and are categorized according to their intended purpose. (Saunders et.al, 2009). The goal of this research is to determine "what is." It entails gathering information about events.

The primary goal of descriptive research is to describe the situation as it is at the moment. (Kothari, 2004). Studies concerned with specific predictions, with narration of facts examine the relationships of traits, facts findings and also oriented towards the descriptive of the present status of a given phenomenon and characteristics concerning individual, group or situation are all examples of descriptive research studies. As the study aimed to assess the practice and challenges that are being faced in MACCFA freight Logistics, DHL Global Forwarding and C.L.S Logistics services, Descriptive research design is used.

3.4 Population and Sample

3.4.1 Population of the Study

A target population is a predetermined group of individuals or an object that can be observed or studied to generate the necessary data structures and information. (Hair, Black, Babin, & Anderson, 2010). According to (Mugenda, 2008) The total population that the researcher specifies for their study is known as the target population. The target population for this study is the employee's departments who are participant of the logistics activities in CLS, DHL and MACCFA. One hundred-six employees who were specifically involved in day to day logistics activities in the companies were purposively selected for the study out of the total population of 303 individuals working in the selected companies.

3.4.2 Sampling Design

The researcher is utilizing a combination of probability and non-probability sampling methods. The convenience sampling technique from the non-probability approach is employed to select the study locations, which are in Addis Ababa due to their accessibility to the researcher. In addition, a simple random method from the probability sampling technique is being utilized to choose the sample, consisting of managers or supervisors employed in companies that engage in logistics activities such as marketing. Operations, Customs clearance and transportation day to day. The customers also select in accordance with their relation with the forwarders and the long term relationship they have.

3.4.3 Sample size

The researcher is utilizing a combination of probability and non-probability sampling methods. Non-probability approach is employed to select the study locations, which are in Addis Ababa due to their accessibility to the researcher. In addition, a simple random method from the probability sampling technique is being utilized to choose the sample, consisting of managers or supervisors employed in companies that engage in logistics activities such as marketing. Operations, Customs clearance and transportation day to day. The customers also select in accordance with their relation with the forwarders and the long term relationship they have.

Table 3. 1 Employees selection

Company	MACCFA Freight logistics	DHL Ethiopian Airlines S.C	CLS Logistics	Total	Number of samples
Number of employees working on logistics department	36 n=33	35 n = 32	35 n = 32	106	87

From the above 106 sample size of target population, 87 samples are selected including managers, department managers and operation staff.

Table 3. 2 Strategic customer's selection

Company	MACCFA Freight logistics	DHL Ethiopian Airlines S.C	CLS Logistics	Total	Number of samples
Number of strategic customers working with the companies for more than 4 years	10 n =10	5 n =5	6 n = 6	21	21

Regarding the strategic customers, as per the above formula out of 21 sample size of strategic customers all are selected as a sample.

3.5 Source of Data Collection

Information is gathered from both primary and secondary data sources. From the primary data sources survey questionnaires; and from the secondary sources books, journals, and research papers are used. Self-administered questionnaires are distributed to team of the companies.

Collecting data involves utilizing both primary and secondary methods to obtain information from trustworthy sources. The quantitative data collection techniques assist in gathering quantitative data that are then calculated to produce descriptive statistics (percentages, averages, etc.) on a variety of topics. Common techniques for gathering quantitative data include closed-ended questions (Dudovskiy, 2018). Closed-ended questions have a five-point Likert scale, with 1 denoting "strongly disagree," 2 denoting "disagree," 3 denoting "neutral," 4 denoting "agree," and 5 denoting "strongly agree." Several authors, including Kothari (2004), suggest using the Likert scale to assess people's level of agreement with a situation or their sensitivity to it in social science studies.

The aim of qualitative research is to attain a more thorough understanding and its data collection techniques include interviews, open-ended questionnaires, focus groups, observation, case studies, and similar tools. (Dudovskiy, 2018). This research also adopted a qualitative data collection method through open-ended questionnaires.

The initial step in constructing a research framework is to examine secondary data, which is then presented in the form of a literature review. The direction of the study is guided by the analysis of this secondary data, which serves as the foundation for subsequent analysis. In addition, secondary data may be used as sources of references to supplement and build the groundwork for the analysis tools and findings.

3.6 Data Analysis

The data analysis made it possible to produce objective information. It also helped the researcher to compare and summarize the responses in order to arrive at an analytical conclusion that was relevant to the current research question. The raw data were cleaned, arranged, and compressed into logically similar data. SPSS (Version 27) was used in the study to analyze the quantitative information gathered from the questionnaire. Since there were five Likert scale questions, this program was used to collect descriptive data in the form of percentages, means, and frequencies, which helped indicate the overall response to each question. Tables and figures are frequently used in data presentation and interpretation in order to display the gathered data succinctly and meaningfully. The final interpretation of the data is based on statistical findings. As well as supporting the quantitative results and elaborating on the efficacy of those freight forwarding practices, qualitative data were also used. The responses from the interview were analyzed and summarized for presentation.

3.7 Validity and Reliability

Any research study's ultimate objective is to produce reliable, valid, high-quality outcome. (Yilmaz, 2013) Researcher should therefore confirm that the research methodology chosen complies with the established standards and criteria. Validity and reliability are frequently used benchmarks in research methodology to meet these standards

Validity: is defined as the appropriateness and accuracy of data that has been collected. Consistency or how well a research tool consistently measures a particular variable each time it is used in the same circumstance is what reliability is. (Yilmaz, 2013). In order to validate the instrument, the study considered the construct validity of measures. The accuracy of the relationship between variables depends on the validity of the measures used, and it is essential for ensuring the reliability of research findings. The selection of appropriate measurements is critical to establishing construct validity. In this study, content validity was employed to measure the

extent to which data obtained from specific instruments reflects the domain of indicators or content of a particular concept. The researcher ensured content validity by including all the items that measure study variables in the instruments. The questionnaire used as the primary data source was created from various literary sources and reviewed and modified as needed to enhance its content validity. The primary data source, a questionnaire, was created from a variety of literary works and reviewed and edited as necessary.

Reliability: the term "reliability" describes the degree to which a variable or set of variables is consistent with the thing it is meant to measure. (Dunn, 1999). This indicates that the measurement tool's output produces the same result when a test is replicated. To get statistically significant and trustworthy results, it's crucial to have a sample that is the right size. Saunders (2009) claims that one of the most popular methods for determining internal consistency is Cronbach's alpha. An outcome of Cronbach alpha should be a value between 0 and 1.

The table below shows that the reliability test results for each dimension are higher than the minimum threshold of Cronbach Alpha value of 0.7, indicating good internal consistency. Additionally, data with an alpha coefficient of 0.7 or higher are generally considered to be reliable, suggesting the ability to generalize the study's findings to target respondents' opinions (Zinbarg, 2005).

Table 3. 3 Cronbach's Alpha of variables

S. No.	Variables	Cronbach Alpha Value
1	Freight Forwarding Practice	0.794
2	Operating Cost	0.77
3	Human Resource	0.866
4	Political	0.745
5	Economic	0.804
6	Infrastructure	0.715
7	Information Technology	0.878

Source: SPSS out put

Majority of the CSR metric had an alpha coefficient greater than 0.7. This indicates that the items on the scale possess strong internal consistency, and the research instrument used in the study is highly dependable. Thus, the researcher comes to the conclusion that all variables are suitable for further investigation.

3.8 Ethical Consideration

The research examined several ethical concerns, including the right of the respondent to choose whether or not to participate, the obligation to inform participants about the purpose of the questionnaire, and the maintenance of confidentiality by not requiring respondents to provide their name. The study also acknowledges and takes into account any ethical concerns that arise during the research process. Additionally, with respect to secondary data sources, proper attribution is given to all sources used in the research's inputs.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1. Introduction

This chapter examines the practice and challenges of the selected freight forwarders and presents results from the study and distribution of Questionnaires. By addressing the study's purpose, the structure and methods of the analysis are created to address the research questions. The data acquired via surveys are assembled, set up, and analyzed using statistical software called SPSS (Statistical Package for Social Science). As a result, demographic information on respondents, and survey findings are presented together with an in-depth analysis and discussion. As a result, this part contains data from the study as well as details on the factors that influence the selected freight forwarders

4.2. Descriptive Characteristics of the Data

There was a total of 108 questioners have been distributed. Out of the 108 questioners only 92 will be analyzed. This is because some were not returned and some were not valid for the analysis. These questioners will be analyzed and inference will be given in this chapter.

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 Distribution of Respondents' by Gender

Gender		Frequency	Valid Percent
Valid	Female	31	33.7
	Male	61	66.3
	Total	92	100.0

Source: SPSS Output

The respondents were asked to indicate their gender and the results are presented in the above Table 1. The gender distribution of respondents consists of 66.3% of male respondents and 33.7% of female respondents. These findings exhibit that most of the respondents are male respondents.

Table 4. 2 Distribution of Respondents' by Age

Age		Frequency	Valid Percent
Valid	21-27 years	43	46.7
	28-35 years	29	31.5
	36-42 years	20	21.7
	Total	92	100.0

Source: SPSS Output

The 2nd part of the Table shows that 46.7% of the respondents are between the ages of 21 and 27, as can be seen. Between the ages of 28 and 35, 31.5% of the respondents fall. The responses, 21.7%, ranges in age from 36 to 42. This demonstrates that the majority of respondents are in the 21 to 27 age range.

Table 4. 3 Distribution of Respondents' by Education Level

Level of educational background		Frequency	Valid Percent
Valid	Advanced Diploma	9	9.8
	First Degree	63	68.5
	Master's Degree	20	21.7
	Total	92	100.0

Source: SPSS Output

While observing the educational level of respondents consist 9.8 % of hold advanced diploma, 68.5% of the respondents holds above bachelor degree and 21.7% of the respondents holds Master's degree.

Table 4. 4 Current Position or Title

Current Position or Title		Frequency	Valid Percent
Valid	Less than 2 Years	13	14.1
	From 2 to 5 Years	43	46.7
	From 5 to 10 Years	25	27.2
	More than 10 Years	11	12.0
	Total	92	100.0

Source: SPSS Output

The above table shows that only 14.1% of respondents have less than two years of work experience, 46.7% of the respondents have 2 to 5 years of experience, while 27.2% have only 5 to 10 years. 12 % of holders have more than 10 years' experience. This finding shows that the majority of respondents have a significant amount of prior job experience with logistics service providers.

Table 4. 5 Years of work experience

Years of work experience		Frequency	Valid Percent
Valid	Customer	12	13.0
	Customs Affairs	16	17.4
	Logistics officer	49	53.3
	Sales	15	16.3
	Total	92	100.0

Source: SPSS Output

In this study, Logistics officer including managers made up to 53.3% of the respondents, followed by customs affair officers with 17.4 %, 16.3% and 13 % are made by sales and customers respectively. Over all most senior positions actively participated in this survey. With this outcome,

we can conclude that the respondents are more likely to comprehend the questions and supply the study with correct and pertinent data.

4.3 Descriptive characteristics of respondents

Based on the conceptual frame work of the literature starting from Current Situation of Freight Forwarding practice to the factors affecting it which are categorized as Operating Cost Factors, Human Resource, Political factors, economic factor, Infrastructures and information technologies. From the selected companies and customers, the respondents were asked to consider the factors based on a five-point Likert type (1) Strongly Disagree, (2) Disagree, (3) Moderate, (4) Agree and (5) Strongly Agree in order from highest importance to lowest importance of factors influencing logistics process. A ranking of the most important factors in each category is also presented in the following subsequent tables.

Mean scores and standard deviations are used to analyze the responses of the respondents. Consequently, the mean indicated to what extent the sample group on average agreed or disagreed on the questions represented. Higher mean implies agreement of more respondents with the statements, while lower mean implies that more respondent's disagreement.

Table 4. 6 Analysis on Freight Forwarding practice

Freight Forwarding practice	Mean	Std. Deviation
The company is currently using performance measurements to meet KPIs,	3.8587	.79257
The company is working to improve Lead time /transit time to its customers	3.9891	.85799
The company have good relationship with other service providers like carries etc.	3.5109	1.17197
The company has faster response for customer request and provides timely update on the operation process.	3.5761	1.07144
It provide efficient and effective customs clearance process	3.7826	1.02524
Customer satisfaction is an important performance indicator.	3.5217	1.09422
The company works to improve customer service by taking the time to listen to customer comments.	3.3913	1.02664
It has preferred service from competitors in the forwarding industry.	3.6522	1.02104
It has good ability to trace and track consignments on time.	3.6522	1.04234

Source: SPSS Output

Table 4.6. Shows practice of freight forwarders currently and that the majority of the respondents Strongly agree with way these freight forwarders operate. From the questions represented in the practice, the company is working to improve Lead time /transit time to its customers (3.98) have the highest mean which is considered to be these freight forwarders are preferred in providing logistics service and The company works to improve customer service by taking the time to listen to customer comments (3.39) is with the least mean among the questions which implies there is still some gap in to listening of customer complaints.

Table 4. 7 Analysis on Operating Cost Factors

Operating Cost Factors	Mean	Std. Deviation
The company's ability to work with minimum cost makes it preferable on the competitive logistics market.	3.1304	1.14082
Unexpected clearance delays that increase operating cost is mostly inadequate documentation.	3.2065	1.09482
Unexpected clearance delays also increase costs due to trading in goods that require lengthy customs inspections.	3.4891	1.18131
The company absorb losses when a shipment is unexpectedly delayed.	3.3043	1.04555
Appropriate branch location selection can ensure low costs with efficient logistics service.	3.7717	.91511
The company has established contractual agreement standards for charging additional costs incurred due to circumstances beyond its control.	3.6739	1.04942

Source: SPSS Output

The analysis found in table 4.7 is that appropriate branch selections focused on to ensure low cost (3.77) is considered as highly practiced factors in the selected freight forwarders. Unexpected clearance delays that increase operating cost is mostly inadequate documentation. (3.20) relatively is the least practiced service in the organizations. Most of the respondents rated 'agreed', this implies that the selected companies are cost sensitive and will not absorb cost as much as possible.

Table 4. 8 Analysis on Human Resource Factors

Human Resource	Mean	Std. Deviation
Skilled Labor is available within the searching countries labor market.	3.5109	1.17197
Employees will go extra mile satisfy customers and decrease dissatisfied customers complaint.	3.5761	1.07144
Employees are well motivated and know how their performance impacts the organization.	3.7826	1.02524
Employees are trained on new technologies and also given refreshment courses from time to time.	3.5217	1.09422
Labor regulations like hiring and firing practice, minimum wage employment etc. are flexible enough.	3.3913	1.02664
Employees know what is expected of them at all times.	3.6522	1.02104
Employees are willing to upgrade themselves with the arising new technologies.	3.6522	1.04234

Source: SPSS Output

Table 4.8. presents the respondents' views on how human resource is handled in the selected companies. The data analyzed showed that 'Employees are well motivated and know how their performance impacts the organization. (3.78), and "Labor regulations like hiring and firing practice, minimum wage employment etc. are flexible enough' (3.39) are the highest and lowest respectively. These shows that the selected companies give refreshments course for their employees to be competitive and the labor regulation in the country is not flexible enough which needs improvement.

Table 4. 9 Analysis on Political Factors

Political Factors	Mean	Std. Deviation
Government supports the logistics industry by providing security and safety.	3.3370	1.16050
The political instability causes shipment to be late for both shipping and delivering form and to customers.	3.9239	1.06114
The current situation in the country has greatly affected road freight operation.	3.9783	1.01611

Source: SPSS Output

Table 4.9. presents political factors that is viewed by the respondents'. The current situation in the country has greatly affected road freight operation. (3.97) is with the highest mean showing that that road safety is necessary for transportation and distribution of shipments. The political instability causes shipment to be late for both shipping and delivering form and to customers. (3.92), this also shows that on time delivery is greatly affected by political stability. Government supports the logistics industry by providing security and safety. (3.33) is the least rated one, which shows that government needs to work on providing safety and security for the logistics service.

Table 4. 10 Analysis on Economic Factors

Economic Factors	Mean	Std. Deviation
The international partner of the company provides it with foreign exchange advantage for the operational payments.	3.4457	.96492
The international partner of the company provide it with credible secured businesses.	3.9239	1.06114
Shortage of foreign currency has affected freight forwarder greatly as payment for service providers is in USD (Carriers and the like)	3.6848	.97134
There is credit availability for exporters to attract more business.	3.5217	1.18115
High employee turnover arises due to the economic fluctuations of the country.	3.6196	1.08782
Exchange rate policies hinders competitiveness of the company.	3.7174	1.08259

Source: SPSS Output

Table 4.10 shows economic factors and among from all the above economic factors listed The international partner of the company provides it with credible secured businesses. (3.92) also shows that these companies' global partners greatly help them in securing more business is the to be the highest rated. Exchange rate policies hinders competitiveness of the company. (3.71), as foreign currency is greatly affecting the logistics industry even the overall the counties' economy. The international partner of the company provides it with foreign exchange advantage for the operational payments. (3.44) is with the lowest mean.

Table 4. 11 Analysis on Infrastructure Factors

Infrastructure Factors	Mean	Std. Deviation
Owning truck can give competitive advantage than other forwarders.	3.8696	1.16937
Transporters are willing to provide timely update and delivery so that the freight Forwarder can meet customer promise date.	3.8587	.79257
Infrastructures maintenance is almost nonexistence due to limited resource.	3.9891	.85799
The Company has the capacity to deal with seasonal changes.	3.6196	.92395
Transport networks gives information on road safety and security.	3.5978	1.00613
Dry port and terminal operations are well managed and efficient in their service.	3.2283	1.11042
The ability of the company to secure the first available booking makes the company preferable.	3.5326	1.09395
Good road conditions, regular vehicle repairs and maintenance can improve operational activities and follow ups.	4.0109	1.06384
All branches of the freight forwarders including offices and warehouses are appropriate and effectively used.	3.3587	1.02262

Source: SPSS Output

Table 4.11 indicates the infrastructure factors and the majority of the respondents Strongly agree with Good road conditions, regular vehicle repairs and maintenance can improve operational activities and follow ups. (4.01) which shows to have successful operation the infrastructures

available also needs to be in good condition, and another strongly agreed one is Infrastructures maintenance is almost nonexistence due to limited resource. (3.98), this also shows that these companies have the ability to work due to peck season and operate well as per the seasonal requirements owning truck can give competitive advantage than other forwarders. (3.86), which implies that the selected freight forwarders having their own truck will give them advantage over the other one. Dry port and terminal operations are well managed and efficient in their service. (3.22) is with the least mean among the questions.

Table 4. 12 Analysis on Information Technologies Factors

Information Technologies Factors	Mean	Std. Deviation
Information technology is well exploited by the operation level employees of the company.	3.8587	.79257
The use of social media is becoming the easiest and most efficient way to communicate with customers by delivering timely information.	3.1630	.91720
The company can track truck locations and access up to the minute traffic data to improve routes, resulting in increased productivity and customers satisfaction with GPS system.	3.8587	.79257
Networking with supplier, users and carrier is done through information technology which provides logistics efficiency.	3.8370	1.12198
Choosing the right type of technology to update customer will increase competitive advantage.	3.1630	.91720
The company's marketing department is also focused on getting customers feedback to know the quality of service that the customer is getting.	3.6522	1.06322
Customers are well aware of the technologies used by their forwarders.	3.6630	.96393

Source: SPSS Output

The table 4.12 above it illustrates that The company can track truck locations and access up to the minute traffic data to improve routes, resulting in increased productivity and customer's satisfaction with GPS system. (3.85) and Information technology is well exploited by the operation

level employees of the company (3.85) are rated the highest which implies that the respondents agrees with the necessity of information technologies and have good capacity to exploit the IT systems they are using for work and communication; Customers are well aware of the technologies used by their forwarders was rated relatively least important by respondents as most of the customers doesn't know and understand their chosen forwarders system,

The Researcher included two open ended question so that the respondent can comment on what the challenges of freight forwarders are and how we can improve it.

Some of the major challenges described based on the respondent's experience are;

- Delays in information flow and documents, no flexible customs process, and false promises made to customers.
- The most important thing in sea freight is that Ethiopia is a landlocked country and Djibouti Port Agents service excellence is nowhere near as required which will cause great delays on shipments
- Transport service providers are not supported with GPS tracing and almost all drivers lack work ethics which also affects the operations officer's performance.
- Importers/Exporters lack of basic knowledge of the industry and no willingness to understand which effects on time delivery.
- Unpredictable delays in maintaining and resuming the functional service due to disruptions in the customs system. The procedure is being stalled by customs officers, who are adding needless paperwork.

More than 50 % of the respondent agree on the challenges that are affecting the freight forwarding industries are political instability which causes increment of Fuel and shortage of exchange rate, safety and security of roads, communication gaps, Rail maintenance, truck shortage, container shortage, carrier vessel space issue and air freight rate increments.

Some of the solutions that respondents described which will be helpful to get rid of the challenges are;

- System Integration with neighboring countries, licensing parties/players with minimum logistics capacity, policy and strategy planning and implementation, continuous assessment of players.
- Government should follow up with government offices, transporters, Banks and Customs Office to ensure fair business industry.
- Government must improve technology, maintain infrastructure, create awareness, take corrective measures, organize infrastructure, provide training opportunities, and protect the sector from currency and political issues.
- Transport and logistics companies must work with importers to resolve shortages of containers and minimize the waiting time for shipments.
- Creating awareness regarding the rule and regulations of freight forwarding to customers and better communication.
- In order to shorten the time, it takes for clearance, training of the industry's players with best practices that are contextualized to Ethiopia.

Almost all respondents advised that government needs to work more the logistics industry as it is growing and can be main source of income. Governmental offices like the road transport ministers, Ethiopian investment commission, customs commission should work together to facilitate the day to day logistics operations.,

4.3.1 Correlation Analysis

Correlation techniques change based on the type of data. Interval data were employed in this investigation. Therefore, the suitable statistical method to assess the strength of association between two interval variables is Pearson's Product Moment Coefficient (r).

Table 4. 13 Correlation Analysis table

Correlations								
		pra	coot	hrr	pola	eco	Infr	ITT
pra	Pearson Correlation	1	.595**	.831**	.663**	.732**	.789**	.762**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	92	92	92	92	92	92	92
coot	Pearson Correlation	.595**	1	.364**	.239*	.317**	.373**	.361**
	Sig. (2-tailed)	.000		.000	.022	.002	.000	.000
	N	92	92	92	92	92	92	92
hrr	Pearson Correlation	.831**	.364**	1	.811**	.818**	.728**	.787**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	92	92	92	92	92	92	92
pola	Pearson Correlation	.663**	.239*	.811**	1	.783**	.740**	.757**
	Sig. (2-tailed)	.000	.022	.000		.000	.000	.000
	N	92	92	92	92	92	92	92
eco	Pearson Correlation	.732**	.317**	.818**	.783**	1	.737**	.974**
	Sig. (2-tailed)	.000	.002	.000	.000		.000	.000
	N	92	92	92	92	92	92	92
infr	Pearson Correlation	.789**	.373**	.728**	.740**	.737**	1	.734**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	92	92	92	92	92	92	92
ITT	Pearson Correlation	.762**	.361**	.787**	.757**	.974**	.734**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	92	92	92	92	92	92	92
** . Correlation is significant at the 0.01 level (2-tailed).								
* . Correlation is significant at the 0.05 level (2-tailed).								

With a Pearson correlation value of .831, the above-mentioned table demonstrates the substantial positive link between Human resource and freight forwarding practice. It can be concluded that there is a substantial association between the two variables since $p < 0.01$. The results also demonstrate a positive relationship between cost, political, infrastructure information technologies and economic with freight forwarding practice, with coefficients of $r = .789$, $r = .762$, $r = .732$, $r = .663$ and $r = .595$ that are all four are significant at $p = .000$.

4.3. Multiple Regression Model

Examining the relationship between several independent variables or predictors and one outcome measure is done through multiple regression. r (Jaccard, Guilamo-Ramos, Johansson & Bouris, 2006). As a result, in statistics, assumptions are essential because without them, the process will be unreliable, unpredictable, and beyond the researcher's control. (Stevens, 2009). The assumptions presented on the below.

✓ Multi-collinearity test

When independent/predictor variables are highly correlated, this is referred to as multi-collinearity. When two or more independent variables or one independent variable is a nearly linear combination of other independent variables, multi-collinearity occurs. (Keith, 2006).

A correlation coefficient between independent variables above 0.8, as stated by Cooper & Schindler, should be adjusted because it is a sign of a multi-collinearity issue. As shown on the below table, there is no multi-collinearity problem in the independent variable. It is safe to conclude that there is no collinearity in the data given the VIF values, which are well below 10, and the tolerance statistics, which are well above 0.2. (Field, 2009).

Table 4. 14 Collinearity Statistic

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	cost	.883	1.133
	HR	.329	3.035
	Political	.300	3.338
	Economic	.276	3.621
	Infrastructure	.224	4.463
	IT	.622	1.607

✓ Normality Distribution

Skewness and Kurtosis statistics are the well-known method from the different tests methods to test the normality of the distribution, according to Brooks (2008), because the hypothesis test about the model parameter cannot be carried out without the normality assumption being satisfied. All variables under study have skewness statistics that fall within the acceptable range for normality, which is between -2.0 and +2.0. (George & mallery. 2010).

Table 4. 15 Skewness and Kurtosis tests result

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Practice	-.263	.251	-.677	.498
cost	-.856	.251	-.088	.498
HR	-.263	.251	-.898	.498
Political	-.641	.251	.190	.498
Economic	-.361	.251	-.463	.498
Infrastructure	-.799	.251	.654	.498
IT	-.124	.251	-.684	.498

From the table above, it can be seen that the skewness (-.856 to-.124) and kurtosis value (-.898 to.190) are within the acceptable range, highlighting the fact that the data is normally distributed.

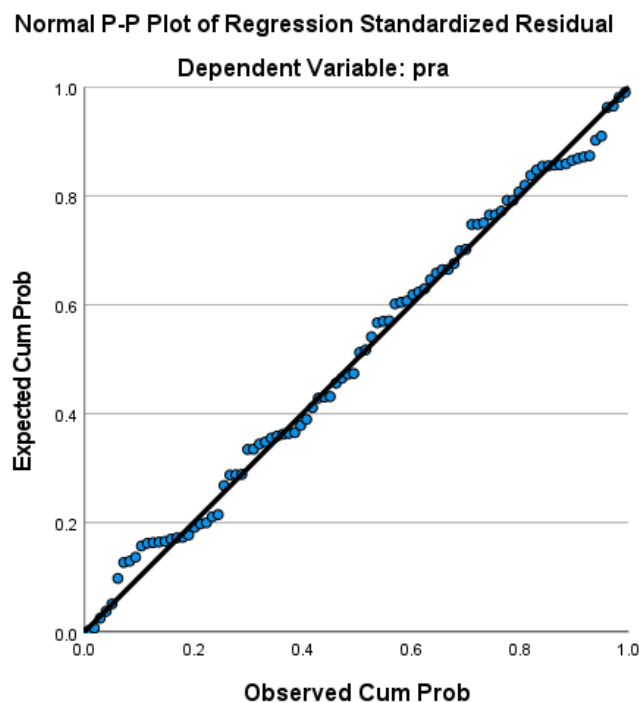


Figure 4. 1 Normality test

✓ **Linearity Test**

To establish the linear reportable range for analysis, linearity is performed. It aims to establish whether the relationship between the dependent and independent variables is linear or not and fulfills the criteria for correlation and linear regression analysis. The scatter plot of residuals that the linearity test of the disturbance has been presented in demonstrates that there is little difference in the spread of the residuals from left to right. This finding supports the linearity of the relationship we are attempting to predict. Appendix 3 supports this too.

✓ **Homoscedasticity**

According to this presumption, the variances of the error terms are comparable regardless of the values of the independent variables. By visually inspecting a plot of the standardized residuals by the regression's standardized predicted value, homoscedasticity can be determined. (Osborne & Waters, 2002). The scatter plot in Appendix D supports that the data is homoscedastic, meaning that the residuals are normally distributed and have a constant variance.

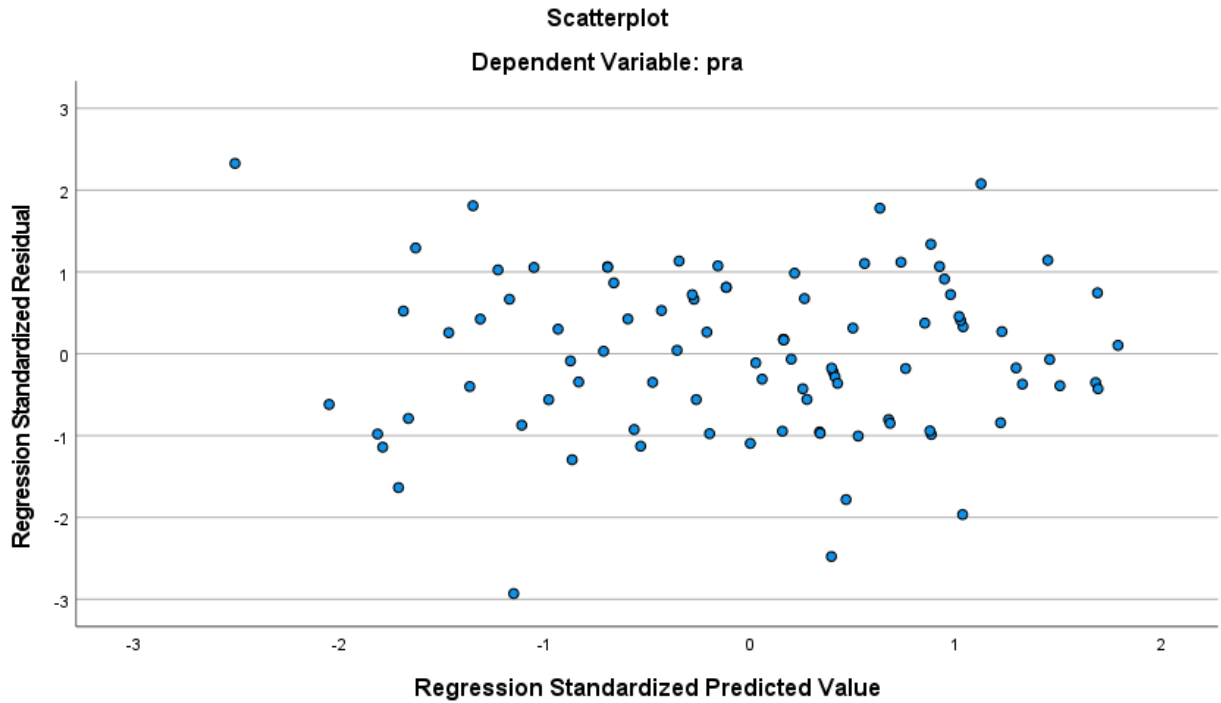


Figure 4. 2 scatterplot

4.3. Regression

The association between freight forwarding practice and its challenges was explained using a multiple regression model. In order to determine which aspect of the challenges has the greatest impact on practice, this analysis looked at how operating cost, human resource, political, economic, infrastructure and information technology affect the practice. Here is a summary of the total regression model and its ANOVA:

Table 4. 16 Model summary

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.932 ^a	.868	.859	.23530	2.227

When analyzing changes in freight forwarding and its difficulties, R-squared is used to assess the amount of variance in the dependent variable that can be predicted from the independent variable.

As is seen in Table 4.11 above, the regression model's R-square value was 0.868 This demonstrates that in this study, the independent variables like cost, human resource infrastructure, political, economic and information technologies account for 86.8% of the variation in the freight forwarding practice. Other factors that are not included in the method account for the remaining 13.2% of the variation in the level of freight forwarding practice in the selected companies.

Table 4. 17 ANOVA Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.919	6	5.153	93.072	.000 ^b
	Residual	4.706	85	.055		
	Total	35.625	91			

The overall statistical significance/acceptability of the model is displayed in the ANOVA table. There is a statistically significant correlation between dependent variables because the model is significant and the significance value of P statistics is (.000), which is less than p0.05. additionally, a separate variable this demonstrates that the independent variables have an impact on the practice.

Table 4. 18 Coefficients Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.259	.082		3.149	.002
	cost	.226	.043	.237	5.257	.000
	HR	.511	.069	.602	7.391	.000
	Political	-.122	.059	-.159	-2.083	.040
	Economic	-.547	.160	-.663	-3.411	.001
	Infrastructure	.395	.076	.341	5.161	.000
	IT	.584	.148	.720	3.945	.000

Source: SPSS output (2023)

A t-test is employed to evaluate the level of impact that predictor variables have on the model. If the t-test related to the B-value of a predictor is significant (i.e., the 'Sig.' value in the corresponding column is below 0.05), then that predictor has a noteworthy impact on the model. A smaller Sig. value and a larger t-value indicate that the predictor has a more significant contribution. (Field, A., 2013).

The Beta value (β) which is standardized, presents the degree to which the dependent variable is affected by a change in the standard deviation of the independent variable. Since all Beta values are measured in standard deviations, they serve to offer a more comprehensive understanding of the significance of the predictors in the model. (Field, A., 2013).

For the above regression model, cost ($t(92) = 5.257, p = .000$), Human resource ($t(92) = 7.391, p = .000$), Infrastructure ($t(92) = 5.161, p = .000$) and Information Technologies ($t(92) = 3.945, p = .000$), are significant predictors of freight forwarding with a positive Beta value. Political factor ($t(92) = 2.083, p = .040$), and Economic factor ($t(92) = 3.411, p = .001$), are also significant predictors of freight forwarding with a negative Beta value.

The above shows that the independent variables (cost, human resource, infrastructure and information technologies) directly affect the freight forwarding practice and the other two independent variables (political and economic factors) have indirect effect on the freight forwarding practice.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The paper tried to assess the practice and challenges faced by freight forwarders along with selected freight forwarding companies. In this study the researcher give answer for the research questions, what is the existing freight forwarding practice in the selected freight forwarders? How well do the companies deliver with low transit time and minimum cost to meet customer promise date? How well these companies meet their KPIs' and be efficient in providing services and customer satisfaction? How does freight forwarding performance impact the company's ability to provide quality services while incurring low cost? What are the challenges influencing the practice in the selected Companies? Therefore, this chapter gives the, summary conclusions, recommendations, and suggestions for further research based on the results in chapter four.

5.1. Summary of the findings

Based on the report provided under the chapter four, the summaries of findings are given to the readers to know and reach about the key results of the study. The study used categorized factors to assess freight forwarding practice and challenges of the logistics companies. Data was collected from the target population and processed quantitative and qualitatively.

According to the demographics of the respondents, the majority (66.3%) were male, also majority of the respondents (46.7%) are between the ages of 21 - 27, Additionally, most of the employees participating had 2 -5 years of work experience (46.7%), There were (68.5%) holds bachelor degree, 53.4 % of the employees are Logistics officer and 13 % customers. All respondents completed their questionnaires. The reason we get complete answers was because our researchers are in direct, professional communication with the industry and are in direct contact to guide.

As described on the conceptual frame work of the study, seven variables were used to assess the practice and challenges faced by the selected companies The first variable assessed was practice which is the dependent variable. The study assessed practices of the freight forwarders by checking performance measures, improve Lead time /transit time, faster response for customer request and provides timely update, improve customer service, good ability to trace and track consignments on time. are considered to be highly valued elements of the forwarders as most the respondent's score result shows range of agreement (3.2 – 4 means). These elements also make the selected preferred service from competitors in the forwarding industry.

The remaining six variables are the independent variables that are challenges mentioned on the conceptual frame work in which operating cost and Human resource are internal factors and political, economic, infrastructure and information technologies are external factors. From the outcome of regression using SPSS we summarize that if improvements are made in various areas such as cost management, human resource practices, political factors, economic factors, infrastructure and information technologies, it may lead to an increase in the utilization of freight forwarding practices. Almost all are significant with less than 0.05 level of significance. The only independent variable that has insignificant value is cost with significant value of 0.173.

5.2 Conclusion

The main objective of this study was to assess freight forwarding practice and challenges in the case of selected freight forwarding companies in Addis Ababa. Using the study questioner and the analysis of from SPSS 27, the following conclusion was made in line with the specific objectives and presented on the below:

- The selected companies work well in achieving low transit time and cost on their daily operations and to provide good service quality to their customers, using key performance indicators also works to achieve more customers with customer satisfaction in the competitive market. Meeting customer promised KPIs and timely updates helps the forwarders to have better relationship with their customers, this also shows the companies have good performance in evaluating satisfaction of customer, better tracking of shipments and timely response with quality service.
- Freight forwarders fulfil their roles accordingly as most of the employees know what is expected of them all the time and know the service they provide to their customer very well. They also try to have good relationship with other service providers like carriers and transporters.
- There is high usage of technologies in the companies is perceived as the selected companies are joint venture with other companies they have high access to technologies that provides them to have on time update which leads to customer satisfaction.
- Most of the employees are below 39 years, which makes it easy for training and technologies employees are trained on the jobs that they are currently doing to provide better service even given training and short courses to update themselves. But the current

inflation in the country is making it hard to for employee to stay on one place for a long time, and high employee turnover is seen, which also affect the previous factor as it is costly to trainee employees every time but employees keep leaving the companies

- In the operating cost, as the freight forwarders profit making companies and their main purpose it to be profitable by providing service. In order to achieve that they operate on minimum cost as much possible and avoid incurring additional cost or make sure these costs are reimbursed by their customers based on their contractual agreements.
- Employees are trained on the jobs that they are currently doing to provide better service even given training and short courses to update themselves as most of them are less than age 39 which makes it easy to train them too. The company's performance also highly depends on its employees.
- The political and economic factors highly affect the logistics practice. The current political situation of the country is making it difficult for safety and security of the shipment which affects transportation rate and on time delivery. These political factor also greatly affects the economic factors. Shortage of foreign currency is highly discouraging both exporters and importers in doing business. The selected companies have international partners that assist them with business but still it is difficult to make payment for their partners on foreign currency, it is also becoming difficult to make payment for carriers as it is usually required on Dollars.
- Being land locked country in addition to poor infrastructure makes it difficult for the companies to operate based on their promise their customers it also makes it difficult for to provide door to door transport service as the movement from Djibouti to dry port is a challenge most of the time which greatly have effect on time delivery.
- The last factor mentioned is Information technologies, the selected companies are working on the system they use for their day to day operation with their partners, they are most of the time update with the new technologies like Cargo Wise, MY DHLI and the likes but as customers are not well aware of the technologies developed by the forwarders sometimes it is difficult for customers to understand.

Below mentioned solutions are also concluded from the open ended questions.

The logistics industry's growth and efficiency. It was emphasized that the government should invest in technology, infrastructure, education, and training opportunities to strengthen the sector. Fair business practices were discussed as key to the industry's success, with the need for government monitoring of various parties. Better communication and cooperation between transport and logistics companies and importers is necessary to minimize waiting times for shipments and resolve container shortages. system integration, licensing parties with minimum logistics capacity, policy and strategy planning and implementation, continuous assessment of logistics players, investment in technology and infrastructure and customer awareness are necessary steps towards improving the logistics industry.

5.3 Recommendations

Logistics sector is one of the growing sectors in Ethiopia, and the above results provide insight for the logistics practice and the challenges that are being faced.

- ❖ Businesses should think about the value of information technology. Freight forwarders also needs to find way for their customers to use their system after short training has been provided and which makes it easier track their shipment as it decreases the back and forth conversations.
- ❖ Safety concerns are critical to product and service reliability, as damage or loss in transit can lead to higher inventory costs and out-of-stock items, safety and security of shipments needs to be given more attentions.
- ❖ Transport and logistics companies must cooperate with importers and other transportation offices. Government needs to increase its efforts to organize the infrastructure system. investments in road, railway, dry ports, and terminal infrastructures need to be made wisely in accordance with the needs of intermodal transport.
- ❖ it is necessary for the Customs Authority and National Bank of Ethiopia to reform their services. This will speed up the movement of freight to the benefit of the country in which exporters and importers are to receive services that are efficient and effective,
- ❖ Government also should ensure fair business practices by monitoring government offices, transporters, banks, and customs offices. Creating customer awareness about freight

forwarding regulations and system like single window and facilitating better communication is also essential.

5.4 Suggestions for further study.

In the logistic sector there are many stakeholders involved in everyday activity. The study focused on logistics companies but other stakeholders like customers, Government offices, specially customs authorities and Banks should be taken in to account for further and complete study

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Appendix A
ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT

Dear Participants,

The questionnaire is prepared by the researcher in the post-graduate program of the **Addis Ababa university school of commerce department of logistics and supply chain management**. The research title is **Assessment of the practice and challenges of Freight forwarding in the case of selected freight forwarders in Addis Ababa**.

With sincerity, I would like to extend my in-depth appreciation to your company for its willingness and cooperation in undertaking this valuable research. I ask your kindly cooperation in answering the questions as truthfully as possible and your response will be highly confidential. This survey will be used for student research purposes only. This study examines the practice and challenges faced in Freight forwarding.

Your participation in this survey is completely voluntary.

Thank you very much for your time.

Section I: - Demographics information of respondents. Please tick (√) in the box provided.

1. Gender

- Male Female

2. Age

- 21-27 years 28-35 years 36-42 years 43-50 years above 50 years

3. Level of educational background

- Advanced Diploma First Degree Master's Degree PhD

4. Current Position or Title

5. Total Years of work experience in freight forwarding industry

- Less than 2 Years From 2 to 5 Years From 5 to 10 Years More than 10 Years

Section II: - The statements below relate to the practice and challenges of freight forwarding.

Here, the researcher is interested in a number from 1 to 5 that evaluate the real status of the following questions using the 5-point Likert rating scale. Please tick (✓) in the box provided.

Put (✓) mark in front of the statement where the level of your agreement coincides.						
Where: - 1= Strongly Disagree 2= Disagree 3= Moderate 4= Agree 5= Strongly Agree						
Part I: - Current Situation of Freight Forwarding practice					Alternatives	
S/No	Statements	1	2	3	4	5
1.	The company is currently using performance measurements to meet KPIs,					
2.	The company is working to improve Lead time /transit time to its customers					
3.	The company have good working relationship with other service providers like carries etc.					
4.	The company has faster response for customer request and provides timely update on the operation process.					
5.	It provide efficient and effective customs clearance process					
6.	Customer satisfaction is an important performance indicator.					
7.	The company works to improve customer service by taking the time to listen to customer comments.					
8.	It has preferred service from competitors in the forwarding industry.					
9.	It has good ability to trace and track consignments on time.					

Part II: - Challenges influencing freight Forwarding practice					Alternatives	
1) Operating Cost Factors						
S/No	Statements	1	2	3	4	5
10	The company's ability to work with minimum cost makes it preferable on the competitive logistics market.					
11	Unexpected clearance delays that increase operating cost is mostly inadequate documentation.					
12	Unexpected clearance delays also increase costs due to trading in goods that require lengthy customs inspections.					
13	The company absorb losses when a shipment is unexpectedly delayed.					

14	Appropriate branch location selection can ensure low costs with efficient logistics service.					
15	The company has established contractual agreement standards for charging additional costs incurred due to circumstances beyond its control.					
2) Human Resource		Alternatives				
S/No	Statements	1	2	3	4	5
16	Skilled Labor is available within the searching countries labor market.					
17	Employees will go extra mile satisfy customers and decrease dissatisfied customers complaint.					
18	Employees are well motivated and know how their performance impacts the organization.					
19	Employees are trained on new technologies and also given refreshment courses from time to time.					
20	Labor regulations like hiring and firing practice, minimum wage employment etc. are flexible enough.					
21	Employees know what is expected of them at all times.					
22	Employees are willing to upgrade themselves with the arising new technologies.					
3) Political factors		Alternatives				
S/No	Statements	1	2	3	4	5
23	Government supports the logistics industry by providing security and safety.					
24	The political instability causes shipment to be late for both shipping and delivering form and to customers.					
25	The current situation in the country has greatly affected road freight operation.					
4) Economic Factors		Alternatives				
S/No	Statements	1	2	3	4	5
26	The international partner of the company provides it with foreign exchange advantage for the operational payments.					
27	Shortage of foreign currency has affected freight forwarder greatly as payment for service providers is in USD (Carriers and the like)					

28	The international partner of the company provide it with credible secured businesses.					
29	There is credit availability for exporters to attract more business.					
30	High employee turnover arises due to the economic fluctuations of the country.					
31	Exchange rate policies hinders competitiveness of the company.					
5) Infrastructures		Alternatives				
S/No	Statements	1	2	3	4	5
32	Owning truck can give competitive advantage than other forwarders.					
33	Transporters are willing to provide timely update and delivery so that the freight Forwarder can meet customer promise date.					
34	Infrastructures maintenance is almost nonexistence due to limited resource.					
35	The Company has the capacity to deal with seasonal changes.					
36	Transport networks gives information on road safety and security.					
37	Dry port and terminal operations are well managed and efficient in their service.					
38	The ability of the company to secure the first available booking makes the company preferable.					
39	Good road conditions, regular vehicle repairs and maintenance can improve operational activities and follow ups.					
40	All branches of the freight forwarders including offices and warehouses are appropriate and effectively used.					
6) Information Technologies		Alternatives				
S/No	Statements	1	2	3	4	5
41	Information technology is well exploited by the operation level employees of the company.					
42	The use of social media is becoming the easiest and most efficient way to communicate with customers by delivering timely information.					
43	The company can track truck locations and access up to the minute traffic data to improve routes, resulting in increased productivity and customers satisfaction with GPS system.					

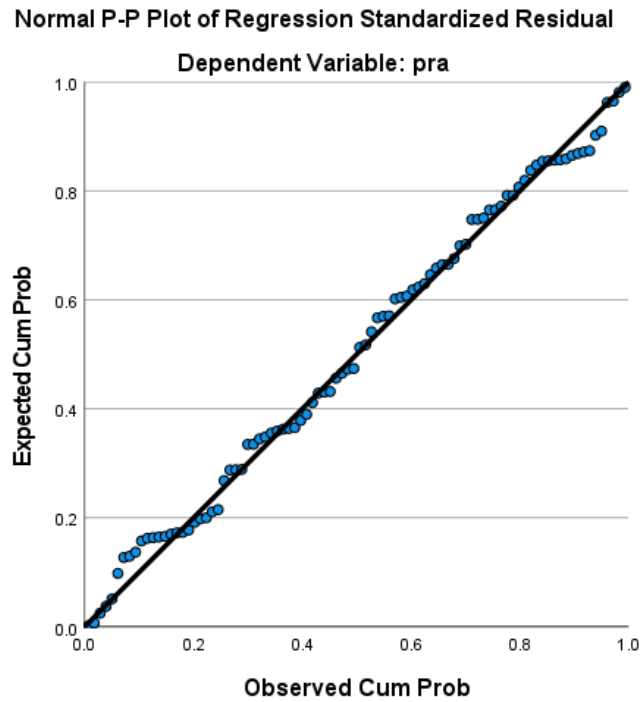
44	Networking with supplier, users and carrier is done through information technology which provides logistics efficiency.					
45	Choosing the right type of technology to update customer will increase competitive advantage.					
46	The company's marketing department is also focused on getting customers feedback to know the quality of service that the customer is getting.					
47	Customers are well aware of the technologies used by their forwarders.					

Section III: Open ended Questions related to the practice and challenges faced in Freight forwarding.

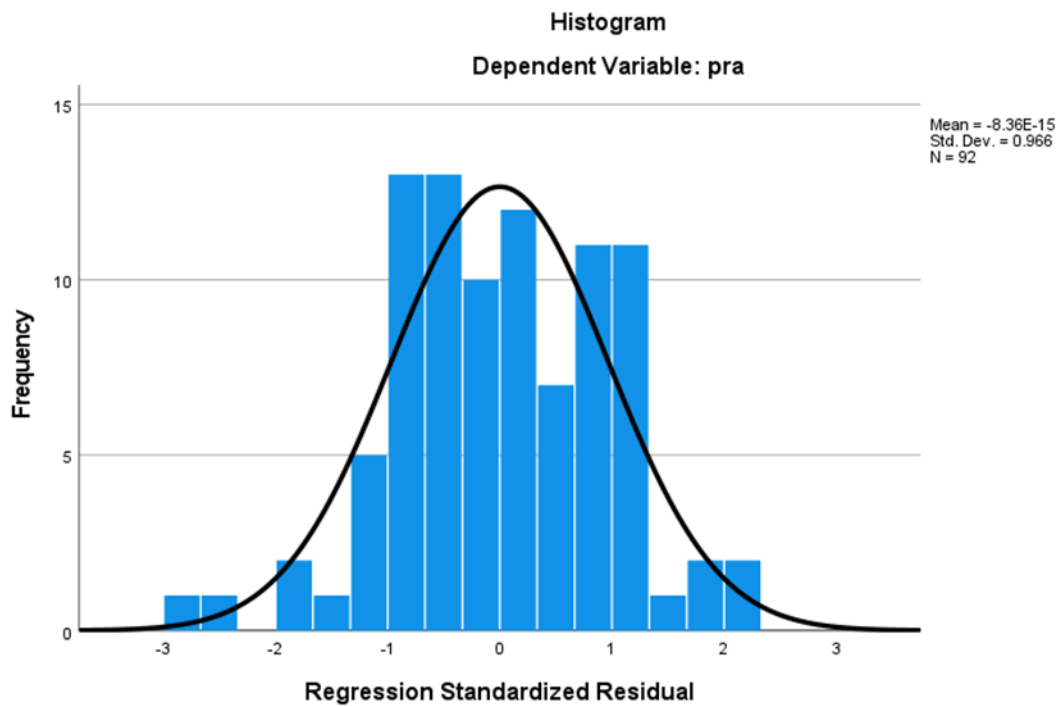
1; State some of the major challenges faced by freight forwarders based on your experience?

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

APPENDIX B. Normality test



APPENDIX C: Normality of Residual Test



APPENDIX D: Homoscedasticity and linearity test

