



**Addis Ababa University College of Business and Economics  
School of Commerce**

**Challenges of Freight Forwarding Services: In the case of  
Selected Companies in Addis Ababa**

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**A Thesis Submitted to the Unit of Logistics and Supply  
Chain Management School of commerce, Addis Ababa  
University in Partial Fulfillment of the Requirements for  
Masters of Art Degree in Logistics and Supply Chain  
Management**

**Advisor: Dr Tariku Jebena**

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## DECLARATION

I, the signer declare that the thesis contains my own work. In compliance with internationally accepted practices, I have properly acknowledged and referenced all materials used in this work. I understand that no adherence to the principles of academic honesty and integrity, misrepresentation (fabrication of any idea/data/fact source will constitute enough ground for disciplinary action by the university and can evoke penal action from the source which have not been properly cited or acknowledged.

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**Addis Ababa University**

**School of Commerce**

**Logistics and Supply Chain Management Program Unit**

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## **Abstract**

In logistics, there are different parties who have different roles in galvanizing the process. Among these parties, the freight forwarding service is the one that does mainly the import and export clearing process of one country. While in these services there are challenges that decrease their performance like cracked roads, poor information technology, political instability, and market volatility, lack of understanding and knowledge of customs officers. Hence, the purpose of this study is to assess the challenges of freight forwarding services in the selected companies. The research was done on selected four freight forwarding companies in Addis Ababa. Challenges related to customs process, transportation and infrastructure, technology implementation and adaptability and government rules and regulations was taken to account to measure the challenges of freight forwarding service. Mixed research approach was used and descriptive research design was applied. Both primary and secondary data sources were used in the investigation. Questionnaire and interview was used to obtain the primary data. Journal articles, research papers, books and internet sites were used to gather secondary data. From total population of 280 who have directly or indirectly related to the clearance process from the four companies, 165 were taken as a sample size. These data were organized into SPSS (Statistical Packages for Social Studies) version 23 software for statistical analysis. The finding of the study indicates among four factors that are challenging for freight forwarding service, compared to the three other factors, customs process is the major factor that is, it is the main challenging area for freight forwarders. Next to customs process transportation and infrastructure, government rules, and regulations, and technology adaptability and implementation take the part respectively.

**Key words:** Customs process, Transportation and infrastructure, Technology implementation and adaptability and Government rules and regulations.



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## **List of Acronyms**

**ESW:** Ethiopian Single Window System

**ICT:** Information Communication Technology

**IT:** Information Technology

**NVOCC:** Non-Vessel operating common carrier

# Chapter One

## 1. Introduction

The purpose of this study is to assess challenges of freight forwarding service in Addis Ababa Ethiopia in some selected companies. Under this chapter the researcher try to introduce to readers about, the back ground of the study, statement of the problem, objectives of the study, significance of the study, scope of the study, definition of terms and organization of the study.

### 1.1 Background of the Study

There are few definitions are presented in literatures and among various, some define a freight forwarder as a business entity that acts as intermediary between the actual shipper and the carrier. Freight forwarders or forwarding agents are individuals or a companies which aids to arrange shipments for corporate or persons to get cargo or goods from the producer or manufacturer to end users. Freight forwarder provides other logistics and legal services for shipper as value added service, and nowadays forwarders books Freight, prepares documentation, arranges Warehousing and aids to Customs Clearance on behalf of shippers or importer (Sarker, 2017).

After defining freight forwarders, it is also essential to differentiate “freight Forwarders” and “freight forwarding”. Therefore, freight forwarding is the coordination and shipment of goods from one place to another via a single or multiple carriers via air, marine, rail or highway. (Freight forwarding Dictionary).As the definition of the two terms implies, freight forwarding is the process while freight forwarders are a person or an entity which acts the forwarding process.

It is also necessary to understand the responsibility of freight forwarders before proceeding to discuss the challenges that freight forwarders may face in exercising their role. The main responsibility of the freight forwarder is to organize the development of the cargo to its last goal point. Separated from that, the cargo forwarder must plan and prepare the records for universal cargo sending. They must survey the prepared documentation counting the commercial solicitations, press list certificate of the beginning, and the bills of filling. With respect to the other records, required by the goal nation where the products will be imported, the carrier must survey them in electronic organize, which is utilized in arrange to constrain the utilize of paper records. The cargo forwarder is mindful of building up the communications with the other members within the worldwide cargo sending handle (IFA, 2016).

Freight forwarders matters and play an important role in the logistics industry. These is because, as forwarders are well skilled in the logistics requirements, they will take care of all documentary requirements for the movements, customs clearance, booking cargo and similar process and create hassle free movement of goods for shippers and carriers. Forwarders can leverage high volume of goods to reduce costs of transportation. Also they can provide handing, storage, packing and distribution of the goods all at one go as and when required. Under accidental situations, forwarders are always prepared to handle an emergency (Fresa, 2021). Therefore, every shipper or carriers needs freight forwarders in import and export process as it is known that without freight forwarders there will not be clearance and other pre import or export process.

As a researcher tried to search previous research done on a similar topic, the researcher obtains the importance of freight forwarders in the Supply Chain worldwide. Murphy et al., and Daley et al., (2001) said freight forwarders are known as trade specialists who offer the variety of services in International trade. They also studied the factors in the selection of the international freight forwarders.

Arivis et al., (2007) stated that forwarding firm is the company that helps to connect different parts of the world. Consider forwarders role in the logistics practice.

Sarker (2017) mentioned the importance of the freight forwarders as “forwarders are a backbone in logistics practice; they require leveraging new technology to keep pace with market leaders. Freight Forwarders require developing value adding services to expand their business proposition and need well-designed systems for control, visibility and flexibility”.

As freight forwarding service is a prominent sector in logistics, it has also been challenged while practicing. In pre-interview with freight forwarders in the primary information gathering, they have mentioned that current political instability, down of customs system, lack of understandability of customs officers, and road infrastructure is their challenges. Therefore, the researcher collected this information and look for research done on similar issues. Based on this statement the problem is constructed.

## **1.2 Statement of the Problem**

Logistics is a part in every aspect of our daily existence a national and international supply chain's backbone is logistics. Freight forwarders play an important part in the logistics chain.

Forwarders serve as a link between the exporter and the importer, streamlining and simplifying the import/export processes required for international trade and transactions. They can also act as Non-Vessel Operating Common Carriers (NVOCC) and Vessel Operating Common Carriers (VOCC) — they advertise themselves to the general public as providing passenger or freight transportation by water.

The key distinction between a regular NVOCC and a freight forwarder is that the NVOCC will be transporting containers on their own. (Nadu, 2019).

As the shape of the shipping industry is changing constantly the future of the global economy is shifting. Different industry players and also freight forwarders are accommodating these changes as they come. However, there is possible challenges freight forwarders may face in their clearance process. According to (Cargologik, 2021), freight and logistics managers have a lot to deal with a lot when it comes to freight forwarder challenges that are, the pandemic and its continuing impact, market instability due to political change, weather uncertainty following an overly active hurricane season, new trade dealers and limited container capacity. According to (Asiana USA blog ,2022), current challenges freight forwarders face are, high fuel cost, environmental issue, customer service, driver shortage and retention, technology implementation, government and international regulations and global economy. When it comes to Ethiopia, in the former interview with some freight forwarding companies personnel Technology, government rules and regulations, transportation and infrastructure developments and customs process are factors contributing to challenges.

According to the researcher's prior interview in the beginning of data collection and information gathering, there are around 2,800 clearing agents. Among these most of the entities does not fulfill the criteria of freight forwarders.

According to the research conducted on the challenges customs import clearance: the case of Addis Ababa Kality Customs Branch Office by (Mesfin, 2017), the researcher concludes that customs cooperation and coordination is serious challenge identified in Kality Branch. The main reason for this is lack of ICT infrastructure, lack of skilled manpower and lack of computerized system for information exchange among agencies. The researcher also concludes unclear customs laws, regulations and guidelines are the main problem because the rules are difficult to interpret by customs employees, traders and clearing agents. Therefore, as the above problems are existed in customs, the researcher will assess how ICT infrastructure and unclear rules and regulation in Kality and other Customs branch offices affect freight forwarders. Also the

researcher will assess if the employees of the forwarding companies have skilled manpower who can understand the logistics process and customs rules and regulations in associated to their activity.

According to a research conducted on the effect of customs regulations and customs clearance process on company performance by (Wondwosen, 2020) the researcher concludes that customs rules specifically Article 51 of new custom proclamation No. 1160/2019 which reduced the delay of clearance from customs to 10-15 days from 30-60 days have a huge effect in companies activity and on over all country economy which directly affect freight forwarders and their relation with their customers as forwarders do the clearance process.

The other challenge the researcher wants to address is transportation and infrastructural developments of a country, according to a research conducted on assessment of freight forwarding practice and challenges by (Elias, 2020) the researcher concludes that Ethiopia transport sector is weak that is it is affecting the logistics performance and the industry full exposed to loss foreign currency due to truck shortage. And the researcher also concludes that underdeveloped infrastructure is the main hindering factors that affect freight forwarders.

According to Fitsum, M. (2020) Customs Clearance is characterized by paper intensive, time taking, unnecessary bureaucracy and repetitive checking which leads to complicated custom clearance procedures. Besides, employees assigned to do customs clearances don't have enough knowledge and skills to undertake procedures resulting in longer cargo clearance queues and higher storage costs that leads to delay in the shipment and slower flow of import export operations.

In addition Fitsum, (Alemu, 2005) described the average clearance days taking up to five working days. The time taken to process the customs clearance of goods plays a significant role in the overall efficiency of logistics activities. Speedy customs clearance of goods facilitates the flow of the import trade. Even if Ethiopian Customs Commission has been implementing ESW to facilitate customs clearance procedures and give best customer services, the same employees are working same jobs making unnecessary bureaucracy that there are visible challenges in this regard and to be addressed in this research.

Based on (Elias, 2020) research conducted on the assessment of freight forwarding practice and challenges, the research was not addressed challenges of freight forwarding service in relation to customs process, technology, government rules, and regulations, and transport and infrastructure specifically . Therefore, this research will fill the gap by addressing the mentioned factors.

As far as the researcher's knowledge concerned, there is only one research is done based on freight forwarders challenges. Therefore, this research is aimed to assess the challenges that freight forwarding services face in the logistics process. The researcher strongly believes the assessment fill the research gaps by addressing the following research questions.

### **1.3 Research Questions**

The research was initiated to seek answers to the following questions.

1. What are challenges of freight forwarders in relation to government rules and regulations?
2. What are the challenges of freight forwarder in relation to customs clearance?
3. What are the challenges of freight forwarders in relation to implementing and adopting technology?
4. What are challenges of freight forwarders in relation to transportation and infrastructure developments?
5. What are the main challenging area from the above factors?

The research has answered the questions based on the experiences of freight forwarding services in Addis Ababa, Ethiopia in selected logistics companies.

### **1.4 Objective of the Study**

#### **1.4.1 General Objective**

The general objective of this study is to assess freight forwarding service challenges in the case of selected freight forwarding companies in Addis Ababa.

#### **1.4.2 Specific Objectives**

The specific objectives of the study are:

- ❖ To assess challenges of freight forwarders in relations to government rules and regulations.
- ❖ To assess challenges of freight forwarders in relation to customs clearance
- ❖ To assess the challenges of freight forwarders in relation to implementing and adopting technology.
- ❖ To assess challenges of freight forwarders in relation to transportation and infrastructure developments.
- ❖ To identify the major challenging area from the recognized factors.



## 1.5 Definition of terms

The researcher will use the following technical terms in the study as defined as follows:

**Freight Forwarders** – a person or firm that arranges to pick up or deliver goods on instructions of a shipper or a consignee from or to a point by various necessary conveyances and common carriers, also called; forwarder or forwarding agent.

- Collins English Dictionary

**Freight Forwarding**- is the coordination and shipment of goods from one place to another via a single or multiple carriers via air, marine, rail or highway.

- Freight forwarding dictionary

**Carrier**-is a company or a person legally entitled to transport goods by land, water, and air. Usually, the carrier works with shippers to ship goods from one place to another.

- Logistics Dictionary

**Shipper** - the person or company who is usually the supplier or owner of commodities shipped.

**Shipment** - is a separately identifiable collection of goods to be carried.

**Logistics** - the overall process of managing how resources are acquired stored and transported to their final destination.

## 1.6 Significance of the Study

The primary benefits that are derived from this study are mainly to selected freight forwarding companies in this study. Because the data researcher uses while conducting the research is directly derived from these selected companies, therefore, the companies are benefiting from the analysis of the research and from possible recommendations given. However, all freight forwarding companies in Addis Ababa Ethiopia will get benefit because the finding and recommendations from this study will be practical to all freight forwarders. Through the finding of this study, they can see the challenges of freight forwarding activities on the overall logistics operational efficiency of their organization. It will be possible for management to know the areas within their freight forwarding functions that will require improvement for the advancement of the overall organization. The study would have significance to managers and freight forwarding officers who are involved in the decision-making processes of customs clearance by providing relevant information about the factors that affect the decision-making processes. The finding also

helps other stakeholders and academicians by being a starting point for future research. It also increases the stock of research made in freight forwarding.

### **1.7 Scope of the study**

The study focused on the assessment of freight forwarding services' challenges in the case of selected companies in Addis Ababa. The study is limited to four freight forwarding companies located in Addis Ababa Ethiopia. So, the data collected from the companies will be limited and may not be addressable for all freight forwarding companies. It will be limited to surveying by the questioner, interviewing, and document analysis of Stratified sampling. Academically, the research is concentrated on Freight forwarding Services that are limited only to one title from all massive logistics thoughts and developments.

### **1.8 Organization of the Research Report**

The research paper is organized into five chapters. The first chapter deals with the problem and its approach. It includes the introduction, statement of the problem, objective of the study, research question, and significance of the study, scope of the study and Definition of terms. The second chapter presents the review of theoretical and empirical literatures. The third chapter presents research methodology. The fourth chapter discusses the analysis and interpretation of the data. Finally the fifth chapter ends with the summary, conclusion and recommendation.

# Chapter Two

## 2. Review of related literature

### 2.1 Introduction

This chapter intends to review the available literature and empirical study in order to gain an understanding of freight forwarding companies' challenges. The aim of literature review and empirical study is to provide a context of the researches study reviewing existing literature on the aspects of a research question. This assists the researcher to identify the gaps that exist in the review study.

### 2.2 Theoretical Literature Review

#### 2.2.1 What are freight forwarders?

The word “logistics” initiated from the military lexicon during the Second World War when the allied forces employed logistics skills to try and win the war. Logistics functions encompass processes and activities such as transport, warehousing, forecasting, and order processing route design and customer services among others, which entail the movement of goods from point of origin to the point of use (Adewole & Struthers, 2019).

In function of logistics which are, transport, warehousing, forecasting, and order processing route design and customer services, freight forwarders take part in their task in the galvanization of the logistics process. A freight forwarder is a business entity that acts as an intermediary between the shipper and the carrier.

Freight forwarder gives other coordination and legitimate administrations for shippers as a value-added benefit, these days it books Cargo, plans documentation, orchestrates for the stockroom, and helps with custom clearance for the sake of shippers or merchants. A few of the ordinary data surveyed by a cargo forwarder are the commercial receipt, shipper’s trade, and purport announcement, a charge of stacking, and other reports required by the carrier or nation of send out or consequence (Sarker, 2019).

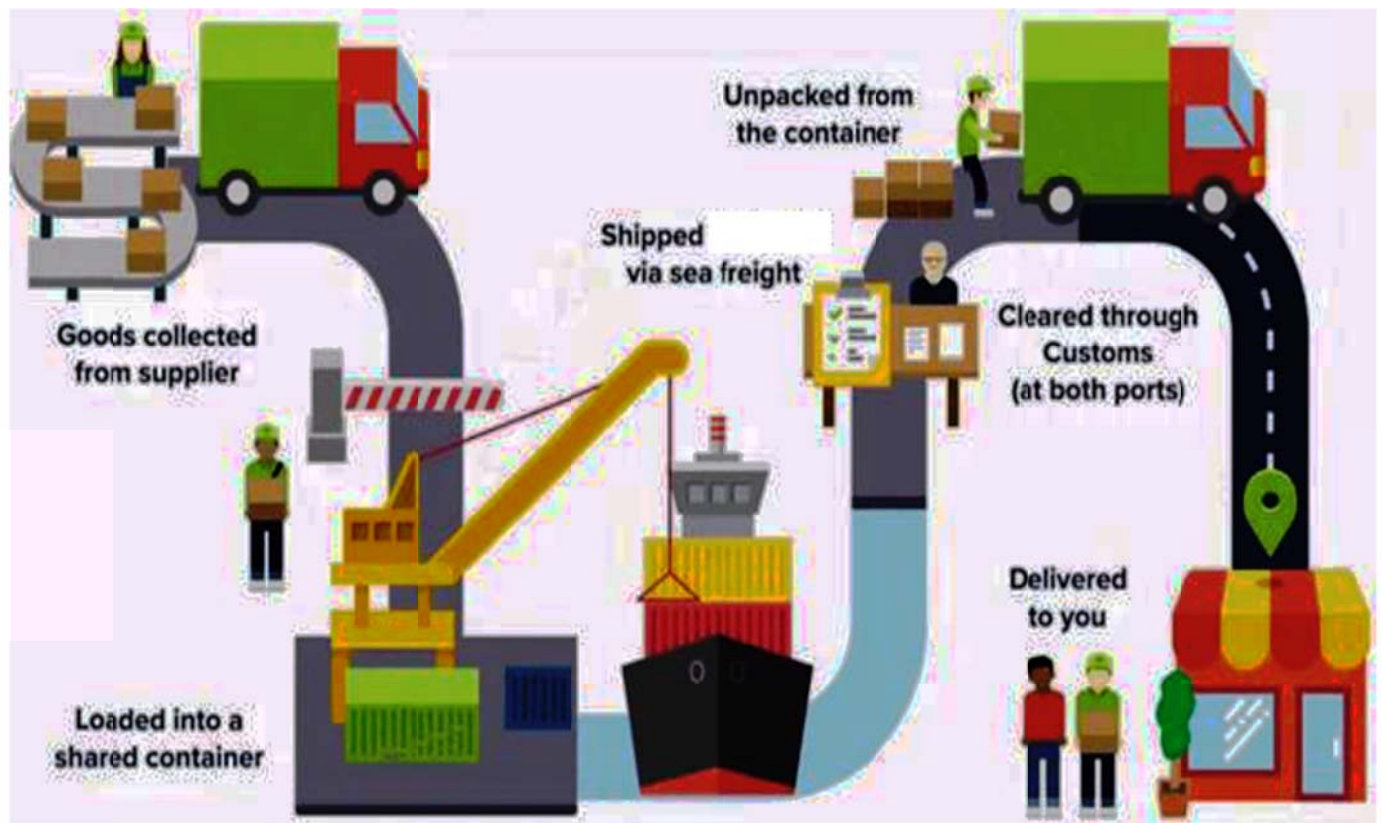


Figure 2.1 Freight forwarding process

### 2.2.2 Challenges of Freight Forwarders

As Asiana USA indicates on its archives of 2021, freight forwarders faces seven major challenges now days. Whether the supply chain depends on ocean shipping or moving cargo via air freight companies it may face the listed challenges:

**Fuel Costs:** Rising fuel prices present a challenge for freight management companies (freight forwarders), as rising costs typically force carriers to either raise prices or suffer financial losses. Also rising fuel costs heavily affect the shipping industry. Drayage shipping practices help manage and lower fuel costs by optimizing travel and transport, but fuel accounts for a large portion of the industry’s overall cost. Finding new ways to streamline this process, optimize travel routes, and reduce fuel costs is one of the industry’s biggest challenges.

In addition, fuel alternatives are being explored, offering more optimal solutions for the future. Some of these include electric or hydrogen-powered vehicles. However, these alternatives will heavily rely on the infrastructure for electric trucks, which may be a few years ahead for us.

**Environmental Issues:** Nowadays, there is widespread consensus about the notable, yet simultaneously growing, negative environmental impacts generated by the transportation sector. The shipping industry experiences an array of environmental issues, from fuel emissions to oil spills to wildlife interactions. All transport vehicles rely on burning fuels, mostly diesel, which releases a number of harmful chemicals in the air. Because of the volume of such an industry, this produces a lot of pollution. In addition to air pollution, oil spills can affect oceans and wildlife. Maintaining effective and affordable shipping practices that lower pollution is a huge challenge the shipping industry is facing.

**Customer Service:** Quality client benefit in coordination's can create long term transportation reserve funds, on time conveyance, peace of intellect and upbeat clients. Moreover the nature of the shipping industry includes a number of distinctive worldwide shipping accomplices working in cycle to move cargo. This does not continuously result within the best client benefit for the shipper, as a parcel can frequently get misplaced in interpretation when managing with remote shipping accomplices. It is important for freight forwarders to ensure that their partners share with them accurate and timely information in order for them to provide excellent customer service. Good customer service can be quite a differentiating factor between companies. Customers want transparency and shipping companies will constantly be adapting to provide the best.

**Driver Shortage and Retention:** a driver shortage creates high driver turnover rates, which have a more negative impact on trucking capacity than the shortage itself. As freight forwarders rely heavily on the trucking industry to move cargo between intermodal points. While short-haul and shipping reduce the need for long-haul truck drivers, there is still quite a shortage of drivers. Most drivers have been in the industry for many years and are retiring, or do not keep the job for very long. Trucking companies have moved to make the job more attractive to younger people, women, and ex-military personnel. The trucking labor force is a large factor in the way the shipping industry works.

**Technology Implementation:** Technology has had a major impact on how firms in areas such as shipping, freight and supply chain management operate and the kinds of profits they can make. The use of technology in the shipping industry is changing rapidly, to accommodate the above considerations and more. The quick rate of change, however, makes it more difficult to incorporate fully into a standardized process.

Freight forwarders use advanced communication, optimization, and tracking tools to manage and move cargo globally. Electric vehicles, advanced tracking systems, and supply chain visibility are some of the issues technology are currently addressing.

**Government and International Regulation:** Logistic activities are subject to existing laws. When moving cargo between diverse nations, shipments are subject to nearby rules, laws, expenses, and controls. In any case, depending on where the shipment is being handled these rules may not be the same, or simply to get it. They can alter day by day, and it's imperative for cargo forwarders to be mindful of all current shipping hones.

**Global Economy:** The global economy is moving radically, and cargo forwarders must take safety measures to work around swelling, rising shipping costs, exchange wars, and natural components. It is imperative to ensure the unwavering quality of the supply chain, indeed within the confront of worldwide alter. Cargo forwarders and shipping companies are looking ahead to fathom such future issues (Marketing success, 2021).

### 2.2.3 Customs Clearing Process

Different literatures define customs in different ways. Customs is the certified department that administers and collects the duties levied by the government on imported goods. It is an authority or agency in a country accountable for collecting tariffs and for collecting the flow of goods into and out of the country. The responsibilities of customs vary from country to country and are often the subject of regular review and modification to ensure their ongoing relevance in constantly changing world (Widdowson, 2007).

Customs clearance is the act of taking goods through the customs authority to facilitate the movement of cargo into a country which is importing and outside the country which is exporting (Logistics dictionary). Customs clearance work includes planning and accommodation of archives required to encourage trade and imports into the nation, speaking to clients amid traditions examination, evaluation, obligation installment and conveyance of cargo from traditions after clearance in conjunction with reports (Jared, 2013).

As the above paragraphs implies customs is the key entity in order to import or export goods. In this process freight forwarders are the main participant in order to clear the documentation of imported or exported goods from customs for shipper or carrier. Therefore, the relationship

between customs and forwarders are inseparable that is one has effect on the other's performance. Especially for forwarders as customs are government ruled organization, they need to follow every direction from customs and are highly dependable on customs.

The federal democratic republic of Ethiopia customs commissions arrange regulations to forwarders which need to be followed in importing and exporting clearance process. The federal democratic republic of Ethiopia customs commissions proclamation no 168/2012 put all the direction starting from defining what under clearance means in the customs process and include the necessary documents in export or import goods, customs logo, packing and unpacking, transit place and other shipping related concerns. Therefore, freight forwarders follow the directions from customs commissions while activating their day to day activities. This indicates that customs has direct relation in freight forwarders performance.

#### **2.2.4 Government rules and regulations**

Government is the method of driving through which choices are made that are aiming to influence societal results, counting financial, social, natural, and other vital results. Government plays a principal part in the financial improvement preparation. Financial improvement is to a great extent a product of showcase powers. Government plays a part within the economy through the office of open merchandise that is collective in nature and through endeavors to counter advertises flaws such as externalities or destitute data (Wolman, 2008).

Rules are guideline and instructions for doing something right. Rules are created to manage behavior in an organization or in a country. It could be written or unwritten principles. On the other hand, Regulations are directives made in addition to the laws in a particular country. To connect the idea of both government and rules and regulations, Government regulations are effectively rules that define the bounds of legal behavior. Regulation is needed to protect the legitimate interests of businesses and the community. Strong, responsive regulatory systems help keep the economy as efficient and flexible as possible, and they also help the industries compete in the global economy.

There is a connection between government rules and regulations and freight forwarders. Freight Forwarders are a business entity who ruled and lead by the country governance. As government rules is needed to protect the interest of the business and community, government can declare

new rules and regulations in order to keep the economy safe which is directly related to freight forwarders that is new direction, rules and regulations could be challenging to practice as far as their connection between too many business entities are concerned.

### **2.2.5 Transportation and infrastructure**

Transportation is the development of products and people from put to put and the different implies by which such development is fulfilled. Infrastructures are the fundamental frameworks that undergird the structure of the economy. Examples of infrastructure incorporate transportation offices, broadcast communications systems, and water supplies. Transport infrastructure speculations are dependable for changing designs of specialization and development of towns and districts watched within the information. Transport ventures bringing down costs of exchange between areas advantage basically all cities or locales by permitting them to specialize within the generation of products for which they have more of a comparative advantage and to shed generation of others and moment them as transport costs drop. Transport ventures moreover have solid impacts on within-city decentralization of industry (Desmet, 2015).

As freight forwarders responsibilities include organizing the transportation of freight between intermediate destinations which is usually cargo terminals, port facilities or railway yards, the development of transport and the improvement of logistics performance are crucial issues for forwarders and countries seeking to become more competitive on the international geo-economic scene. In this regard, it is essential for forwarders the development of transportation and infrastructure in order to develop their performance in the logistics process. Good infrastructure helps to facilitate trade flows and is therefore an additional guarantee of success in international trade, while at the same time providing local solutions to improve access to certain downgraded regions and allow them to play their part in the national economy. Facilitating trade and transport is thus of growing importance for developing countries, which not only need fast, reliable and frequent services to transport their exports and imports, but which must also comply with new and stricter safety requirements (Mustapha, 2014).



## 2.2.6 Technology Development

Technology is science or knowledge put into practical use to solve problems or invent useful tools in a systematical way. That is technology is essential in every activity of business in order to simplify long process and reduce man power cost. Improved technology has also increased productivity in the supply chain, minimizing costs and errors. These advances benefit all areas of the logistics industry: trucking transportation, international transportation (ocean and air), supply chain management, and shipment tracking.

Technology has transforming role in logistic on every aspects. Consumer demand- From a prior concept of receiving products at the right place and right time, customers have shifted to demanding services anytime and at any place. Technology makes it possible to cater to these surging orders by cutting down delays.

**Real-Time Data** - an individual issued with traditions clearing operator permit in understanding with the direction issued here beneath and incorporates a representative of a declarant issued by the specialist, with a certificate of proficient competence in regard of traditions clearance.

**Transportation** - an individual issued with traditions clearing operator permit in understanding with the direction issued here beneath and incorporates a representative of a declarant issued by the specialist, with a certificate of proficient competence in regard of traditions clearance. (Global, 2019).

In relation to freight forwarders, advanced technology is very essential in their business because they work international tasks which connect them with all globes that they have to be technologically advanced and developed in order to compute with global market also to a better and speedy performance in their business. Forwarders must be competitive and advanced in shipment tracking, paper less works, reduce manual works and other cost and error reduction mechanisms in order to compute with international freight forwarder.

## 2.3 Empirical Literature review

A study conducted by Murphy et al., and Daley et al., (2001) thought freight forwarders are known as trade specialists who offer a variety of services in International trade. They also studied the factors in the selection of international freight forwarders. In this regard, different researchers researched challenging areas of freight forwarding service. Among these, according to (Vasantha and Meena, 2019) Chennai City, The problems faced by forwarders are identified from a customs clearance perspective and it is very clear by the facts and figures that it is because of government regulations, the result of port authorities, insurance companies, customs clearance, infrastructural issues, payment issues, etc. To overcome these problems the forwarders associations have to be strong and they have to raise their voice mainly against the government so that the government will be forced to help the forwarder.

In a study conducted in Ethiopia, an assessment of freight forwarding practice and challenges (Elias, 2020) finds that among the factors that affect freight forwarders' performance is, Government regulations and overall infrastructure. And he concludes that it is the main hindering factor that affects freight forwarding performance.

According to Florentina J. (2013), conclusion there should be an improvement in clearing and forwarding to ensure efficiency and effectiveness, cargo/goods should be cleared on time to avoid disputes with customers. Also, rules and regulations on the procedure of clearing and forwarding should be improved. Growing inter-port competition, in particular, has forced respective port authorities to develop competitive strategies to attract and maintain their port customers.

According to Sayyad (2017) India, freight forwarder has a vital role in the development of the national economy. Imran also concludes that the market challenges faced by freight forwarders are quite daunting. It is also essential to establish customer support or means of contact between a customer and freight forwarder at all times.

Yang, B., & Xue, J. (2020) conclude freight forwarding companies are facing an environment of digital innovation. In the direction of product and service, they must integrate the Internet to achieve end-to-end systematic service extension. Starting from the online experience of customers, they can integrate online price inquiry, online ordering, and online tracking.

According to Fekadu M. (2013), third-party logistics service providers do a very important job of organizing safe, efficient, and cost-effective transportation of goods from origin to destination as an intermediary between the shipper and the carrier. Cargo operation is one of the weakest links in the freight transport and logistics system of the country.

Sarker (2017) stated that Freight forwarders require leveraging new technology to keep pace with market leaders. Freight Forwarders require developing value-adding services to expand their business proposition and need well-designed systems for control, visibility and flexibility.

Zailani & Kanapathy (2020) concluded that cost-cutting and customs efficiency are the two most crucial components that the freight forwarding industry faces. It is important for the freight logistics industry to identify and establish a clear relationship between freight logistics sustainable performance and supply chain.

Fitsum, M. (2020) conclusion Customs Clearance is characterized by paper-intensive, time-taking, unnecessary bureaucracy, and repetitive checking which leads to complicated customs clearance procedures. People assigned to take custom clearance don't have enough knowledge to undertake customs clearance and this leads to delays to get out shipment from the custom compound.

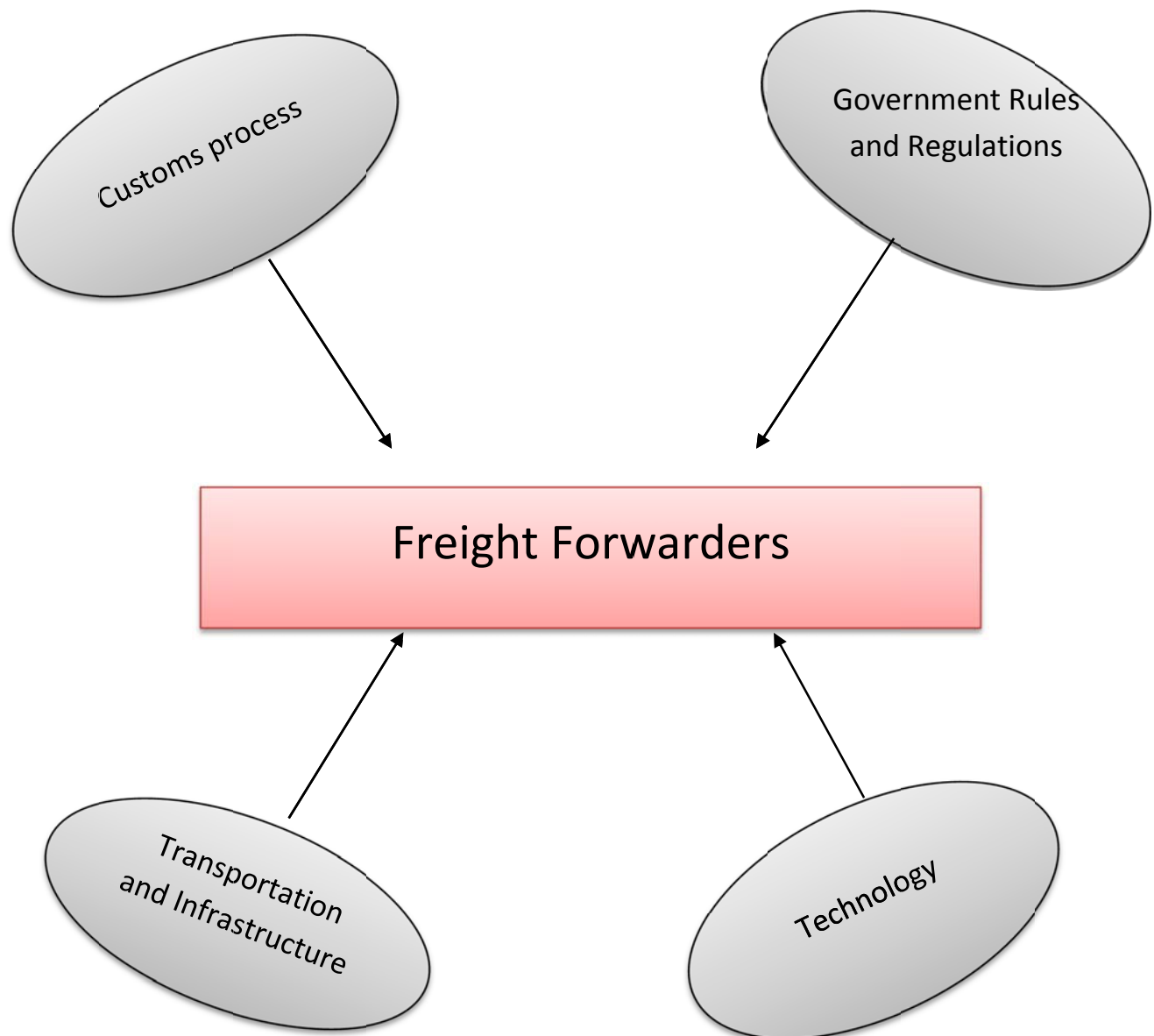
Alemu A. (2005) the entire clearance process on average takes up to five working days. The time taken to process the customs clearance of goods plays a significant part in the overall efficiency of any logistics chain. Speedy customs clearance of goods facilitates the flow of the import trade. This is the major reason why there have been innovations to apply new technology to cut customs delays.

## **2.4 Literature Gap**

The researcher investigates different kinds of literature, journals, articles, research papers, and different secondary sources of data but could not find the research challenges of freight forwarding service in relation to transportation and infrastructure development as far as developing countries' logistics is concerned. Therefore, in this research, the researcher will address freight forwarding services challenges in relation to transportation and infrastructure development.

## 2.5 Conceptual framework of the study

Based on the reviewed literatures the conceptual framework for assessment of freight forwarding challenges is developed. The framework comprises the four factors required for assessing freight forwarder challenges decision: customs process, technology, transportation and infrastructure and government rules and regulations. It is illustrated in figure 2.2



Source: self-developed based on literature survey

Figure 2.2 Conceptual framework

# **Chapter Three**

## **3. Research Methodology**

### **3.1 Introduction**

According to (Denzin and Lincoln, 2005) a research methodology is determined by the nature of the research question and the subject being examined. As a result the research format used in an investigation should be seen as a tool to answer the research question.

This Chapter presents the description of the research process. It provides information concerning the method that is used in undertaking this research as well as a justification for the use of this method. The Chapter also describes the various stages of the research, which include the selection of participants, the data collection process, and the process of data analysis. The Chapter ends with a discussion of validity and reliability in qualitative research and discusses the way in which these two requirements were met in the current study.

### **3.2 Description of research area**

The study considers only four pioneer forwarders in Addis Ababa that can provide potential input to the study. The researcher selects these companies by their abundant outputs in the clearing process. The companies work with gigantic logistics firms which import necessary goods to the country. They also process other export-import processes, transporting goods shipping by air, sea, railway, and truck. The companies are well known, are very operational and have high performance in the import-export process, are organized by well-educated personnel, and are trusted and high taxpayers in the customs office. Therefore, the researcher strongly believes their transactions and up and downs in the clearing process bring great sketches and outputs for this research. Also, the researchers take into consideration of work relationships with the above companies so that the research will be manageable and accessible. The companies are Green Logistics, Alisho General Trading and Transit Service (A.G.T.T.S), Panafric Global freight forwarding, and MACCFA fright logistics PLC. Therefore the researcher is certain with the output of the research from these well-known companies will be fertile.

### **3.3 Research approach**

Research approaches are plans and the strategies for the examination that extend the choices from wide assumptions to point-by-point procedures of data collection and examination. (Cresswell, 2009). The research approach used was mixed approach of qualitative and quantitative data. Mixed method research is an approach to request that combines or partners both subjective and quantitative shapes. The utilization of subjective and quantitative approaches and the blending of both approaches in thinking include philosophical suspicions. Hence, it is more than essentially collecting and analyzing both sorts of information; it moreover includes the utilization of both approaches in pair so that the by and large quality of consideration is more prominent than either subjective or quantitative investigate (Creswell & PlanoClark, 2007).

### **3.4 Research Design**

Research design is the outline for fulfilling research objectives and answering research questions (Adams et. al, 2007). A descriptive research design is used in this study. The main aim of descriptive research is to provide an accurate and valid representation of the factors or variables that pertain are relevant to the research question so that the researcher adopted descriptive research design. The main objective of this research is to assess freight forwarders challenges in selected logistics companies therefore; this design is selected because the researcher believes it helps to describe a certain phenomenon or characteristics concerning a subject of population or estimated of the proportions of the population.

### **3.5 Population and Sample design**

Sampling is the procedure or technique of selecting a suitable sample for the purpose of determining parameters or characteristics of the whole population (Adams et. al, 2007). The population of the study comprised all freight forwarding companies in Addis Ababa Ethiopia. The researcher used Stratified sampling which is a probability sampling technique wherein the researcher divides the entire population into different subgroups or strata, the research question needs to address all freight forwarders in Ethiopia and it is not manageable to address all freight

forwarders in Ethiopia as far as the number of forwarding companies concerned, as the selected companies have a vast operation in import and export process and also has acceptability and trust before customs as they are high taxpayers. The companies might be a representative of all freight forwarding companies because they process all activities performed by international freight forwarders and the data derived will be addressable for all freight forwarders. In addition to that, the researcher has work relations with these companies which make the research manageable and accessible. The research will take target population of 280 from four forwarding companies who work directly and indirectly in the clearing process. The target population are, logistics operation department heads, logistics supervisors and customs transistors. The researcher will use the following sample size formula to determine the sample size of the population. The formula was developed by (Taro Yamane, 1967).

$$n = N/1+N (e)^2$$

Where, n signifies the sample size

N signifies the target population

E signify the margin error

$$n = 280/1+280(0.05)^2$$

$$n = 165$$

Therefore, according to the result, 165 questionnaires was expected to be properly filled or answered and returned back to the researcher. Of the 165 sample size, 13 employees who are in management positions were interviewed.

**Table 3.1 Number of sample employees**

<b>Company Name</b>	<b>Alisho General Trading</b>	<b>Green logistics</b>	<b>MACCFA logistics</b>	<b>Panafric Global</b>
<b>Employees Position</b>	Managers, Clearing officers, Supervisors	Managers, Clearing officers, Supervisors	Managers, Clearing officers, Supervisors	Managers, Clearing officers, Supervisors
<b>Number of employees</b>	30	33	42	60

### **3.6 Research instrument and data collection procedures**

The researcher used both primary and secondary data collection method. The primary data are those that collect data for the first time while secondary methods are those where the researcher uses data collected by other people (Qates, 2006). Secondary data is data which the researcher did not collect themselves directly from respondents or subject. This means that the secondary data was not collected with the researcher's purpose and objectives in mind (Greener 2008). The procedure in this research is identify respondents for questionnaires and interview, clear consent will be given to them to understand the objective of the study and to give understanding the objective of the study and to yield an attention on its importance. The researcher distribute questionnaires electronically to respondents who have email access and give the hard copies for who has no access for internet. Finally interview and questionnaire data was collected respectively and properly from the respondent by the redesign schedule.

### **3.7 Data analysis**

The strategies you use to analyses your data will depend upon whether you have chosen to conduct qualitative or quantitative research. For quantitative information analysis, issues of legitimacy and unwavering quality are imperative. Qualitative data analysis is a very personal process. Qualitative data analysis methods can be viewed as forming a continuum from highly qualitative methods to almost quantitative methods, which involve an element of counting. Data can be measured using nominal scales, ordinal scales or interval scales. (Dawson: 2002).

The data was interpreted and analyzed through Statistical Packages for Social Studies (SPSS) version 23 and used frequency, percentages, means and standard deviation as a case deemed necessary. In Descriptive statistics measures of tendency and the use of absolute and relative frequencies are involved. The mean and standard deviation are used along with the frequencies. Information obtained from the secondary and primary sources are used to make a descriptive analysis of the situation and based on the findings relevant conclusions and recommendations will be drawn.



### **3.8 Validity and reliability**

Validity refers to the scope to which an instrument measures what is supposed to measure (Brink, 1993). Data need not only to be reliable but also real and accurate. If a measurement is valid, it is also reliable (Joppe: 2000). Also, the questionnaires were tested on random 6 peoples who are working in Logistics Companies to check if the questions can answer the research question properly.

Reliability denotes to the uniformity or trustworthiness of a measurement technique, and it is concerned with the uniformity or stability of the score obtained from a measure or assessment over time and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error (Geoffrey et al, 2005). The researcher effort to make the statistics reliable and valid by using more than one source when collecting the data and cross-checking the legitimacy. The researcher will use reliable sources and citation when gathering information from secondary data. For the test of reliability Cronbach's alpha is used as a measure of internal scale consistency using SPSS software version 23.0. According to (Tavakol, & Dennick, 2001), there are different reports about the acceptable values of Cronbach's alpha, ranging from 0.70 to 0.95. As per the result found from the collected data on SPSS the overall Cronbach's alpha is 0.916 so, based on the above result the scale is reliable.

### **3.9 Ethical Considerations**

In doing any research there is an ethical responsibility to do the work honestly and with integrity. This will apply to all stages of the research cycle. Fraud must be avoided in research and this can come in several forms: Being selective in sampling, Not reporting survey response/participation rates, Deliberately biasing the data collection instruments for example, asking leading questions in surveys, Making up data because you can't be bothered doing the data collection, Falsifying results to make them fit your conclusion, Trimming removing data that does not fit in with your analysis. (Adams, et. al 2007).

Hence, The analyst advise members on the issue of privacy and was exceedingly secure in replying to the surveys, as well as the analyst, gave clear assent to respondents that their

reactions did not uncover for anyone without their assent. To this impact, a letter of participation is composed to the companies concerning authorities. Too, the analysts did not inclination the information collected from essential sources for the fitting conclusion or were not evacuate information to form it fit for investigation.

## Chapter Four

### 4. Data Presentation and Analysis

#### 4.1 Introduction

This chapter deals with the content of data analyzing, organizing and presenting of the result based on assessment of freight forwarders challenges in case of selected logistics companies in Addis Ababa. The data distribute and collected using questionnaires; the respondents were Managers, Clearing officers and Supervisors. The questioners collected were analyzed and running statistical test and present by using SPSS software. The data also categorized and offered using different techniques such as by chart, figure, table and percentages to make the analysis easily understandable.

#### 4.2 Response rate and reliability test results

##### 4.2.1 Reliability test results

Reliability test has been computed to check whether the scale utilized on the Questionnaire's steadiness or textures reflects what is extraordinary to degree or not. For the test of unwavering quality, Cronbach's alpha is utilized as a degree of inner scale consistency utilizing SPSS (Measurable bundle for social science thinks about).

As per the result found from the collected data on SPSS the overall Cronbach's alpha is 0.916 which is above the standard threshold level 0.7(Nunnally, 1978). This shows that the data extracted from the Questionnaire is reliable.

**Table 4.1 Reliability statistics**

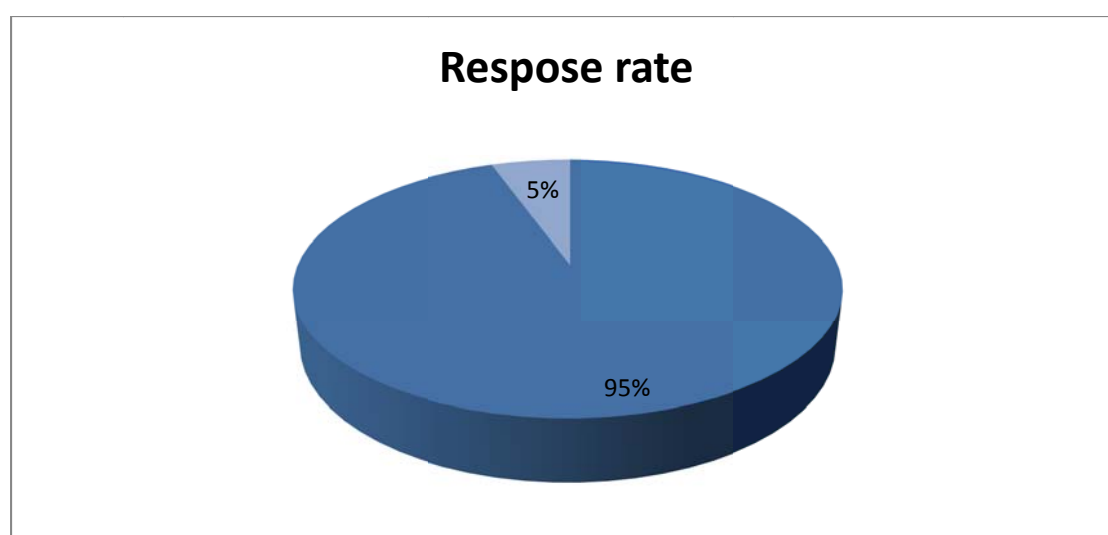
<b>Factors</b>	<b>Cronbach's Alpha</b>	<b>No. of items</b>
Customs Process	0.728	9
Transportation and infrastructure	0.729	6
Technology adaptability and implementation	0.707	7
Government rules and regulations	0.822	7

**Source: Own survey and SPSS 25 Output**

### 4.2.2 Response rate

From the total 165 questionnaires distributed 94.55 percent (156) of the questionnaires are filled and returned back to the researcher but 5.45(9) percent of the questionnaires are not filled and returned back to the researcher. The total number of questions included in the questionnaire is 35. Therefore the analysis and interpretation is made based on the 156 (94.55%) responded questionnaires. From the collected 156 questionnaires, 56 were from panafric global, 38 from MACCFA, 32 from Green logistics and 30 from Aliso trading.

**Figure 4.1: Response rate**



**Source: Own survey and SPSS 25 Output**

### 4.3 Demographic characteristics of respondents

The respondent's sex, age, amount of education, work experience, and economic status were all determined using data from the respondents' profile. In the following figures and tables, the percentage and frequency characteristics of the respondents are shown.

**Table 4.2 Demographic characteristics of respondents**

Description		Frequency	Percent
	Male	82	52.6
<b>Gender</b>	Female	74	47.4
	Total	156	100

	18-30years	104	66.7
<b>Age Group</b>	31-40years	52	33.3
	Total	156	100
<b>Marital</b>	Single	75	48.1
<b>Status</b>	Married	75	48.1
	Separated	6	3.8
	Total	156	100
<b>Education level</b>	Secondary school	8	5.1
	First degree	82	52.6
	Masters and above	66	42.3
	Total	156	100
	from 0-2 years	33	21.2
	from 3-5 years	28	17.9
<b>Work</b>	from 6-8 years	51	32.7
<b>Experience</b>	above 9	44	28.2
	Total	156	100

Source: Own survey and SPSS 25 Output

#### 4.4 Results: The Challenges of Freight Forwarding Services in the Selected Companies in Addis Ababa

The data collected from the respondents were analyzed in this section. The research was assessment of freight forwarders challenges in some logistics companies. SPSS software was used to measure central tendency like, mean, frequency distribution and standard deviation. There were factors which are hinder for freight forwarders that are: Customs Clearing Process, Transportation and Infrastructure, Technology and Government rules and regulations. To achieve the research's objective the respondents were asked the degree of their agreement on the challenges of the above factors using five points liker type scale that is 1 for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree and 5 for strongly agree.

#### 4.4.1 Customs Clearance Challenges of the Selected Companies

The response from the questioners for customs clearance challenges of the selected companies are summarized by table as follows.

**Table 4.3 Customs Process challenges of freight forwarding in Addis Ababa**

<b>Descriptive Statistics</b>													
	N	1		2		3		4		5		Mean	Std. Deviation
		F	P	F	P	F	P	F	P	F	P		
Customs process has direct effect on your day to day activities	156	3	1.9%	0	0.0%	7	4.5%	18	11.5%	128	82.1%	4.72	0.726
Your company is working with customs without any disputes	156	2	1.3%	10	6.4%	32	20.5%	65	41.7%	47	30.1%	3.93	0.937
Customs' officers skills and knowledge is highly mattered for you	156	1	0.6%	1	0.6%	24	15.4%	74	47.4%	56	35.9%	4.17	0.755
Customs process caused additional cost on your company operational cost.	156	14	9.0%	9	5.8%	17	10.9%	62	39.7%	54	34.6%	3.85	1.217
There are bureaucracies on customs process.	156	0	0%	0	0.0%	19	12.2%	41	26.3%	96	61.5%	4.49	0.705
In customs process technology implementation is low	156	5	3.2%	33	21.2%	16	10.3%	65	41.7%	37	23.7%	3.62	1.155
There is a lot of paper work on customs process.	156	25	16.0%	31	19.9%	42	26.9%	33	21.2%	25	16.0%	3.01	1.305
Customs process is your main current challenge in freight forwarding activity.	156	9	5.8%	28	17.9%	39	25.0%	33	21.2%	47	30.1%	3.52	1.252
Your Company Human Resource department hires highly skilled employees who has logistics knowledge and can understand customs process and regulations.	156	0	0.0%	43	27.6%	38	24.4%	43	27.6%	32	20.5%	3.41	1.101
Mean												3.86	1.02

**Source: SPSS output 2022**

The table 4.3 above shows that in line to “Customs process has direct effect on your day to day activities” ( $\bar{x}$ =4.72), 82.10% (128) of the respondents rated as ‘Strongly agree, 11.5% (18) respond ‘agree’ 4.5 % (7) responded ‘neutral and 1.90% (3) responded that strongly Disagree. This indicates that most respondent responded ‘Strongly agree. Therefore, Customs process has direct effect on freight forwarders day to day activities. For “Your company is working with customs without any disputes” ( $\bar{x}$ =3.93) 30.10% (47) of the respondents rated as ‘Strongly agree, 41.70% (65) respond ‘agree’ and 20.50 % (32) responded ‘neutral, 6.40% (10) disagree and 1.30% (2) responded that strongly Disagree. The analysis shows that most respondent responded ‘agree’ which indicates forwarders are working with customs without disputes.” Customs’ officers skills and knowledge is highly mattered for you” ( $\bar{x}$ =4.17) 35.9% (56) of the respondents rated as ‘Strongly agree, 47.40% (74) respond ‘agree’ 15.4% (24) ‘neutral 0.60% (1) responded that disagree and 0.60% (1) responded strongly Disagree. The analysis implies that ‘agree’ which means as per the respondents customs’ officers skills and knowledge is very important in freight forwarding process.” Customs process caused additional cost on your company operational cost” ( $\bar{x}$ =3.85) 34.6% (54) of the respondents rated as ‘Strongly agree, 39.7% (62) respond ‘agree’ 10.9% (17) ‘neutral 5.8% (9) responded that disagree and 9.0% (14) responded strongly Disagree. The analysis implies that ‘agree’ which means as per the respondents customs process causes additional costs on freight forwarders operation. “There are bureaucracies on customs process” ( $\bar{x}$ =4.49) 61.5% (96) of the respondents rated as ‘Strongly agree, 26.30% (4) respond ‘agree’ and 12.20% (19) ‘neutral. This implies that more than half of the respondents strongly agreed that there are unnecessary bureaucracies under customs process. “In customs process technology implementation is low” ( $\bar{x}$ =3.62) 23.7% (37) of the respondents rated as ‘Strongly agree, 41.7% (65) respond ‘agree’ 10.3% (16) ‘neutral 21.2% (33) responded that disagree and 3.2% (5) responded strongly Disagree. It implies that majority of freight forwarders agreed that there is lack of technology adaptability in customs process. “There is a lot of paper work on customs process” ( $\bar{x}$ =3.01) 16.0% (25) of the respondents rated as ‘Strongly agree, 21.2% (33) respond ‘agree’ 26.9% (42) ‘neutral 19.9% (31) responded that disagree and 16.0% (25) responded strongly Disagree. 26.9% of the respondents have the answer of “neutral” which shows most of the respondents neither agree or disagree on paper work at customs clearing process. “Customs process is your main current challenge in freight forwarding activity” ( $\bar{x}$ =3.52) 30.1% (47) of the respondents rated as ‘Strongly agree, 21.2% (33) respond ‘agree’ 25.0% (39) ‘neutral 17.9% (28) responded that disagree and 5.8% (9) responded strongly

Disagree. The analysis implies most of the respondents strongly agree that customs process is main challenge for freight forwarders in the clearing process. “Your Company Human Resource department hire highly skilled employees who has logistics knowledge and can understand customs process and regulations” ( $\bar{x}=3.41$ ) 20.5% (32) of the respondents rated as ‘Strongly agree, 27.6% (43) respond ‘agree’ 24.4% (38) ‘neutral and 27.6% (43) responded that disagree. As the research is done on four different companies the analysis implies that agree and disagree response are the same to Human resource hire highly skilled employees.

The overall mean value of the Custom clearing process challenges is 3.86 which are the highest from all factors.

As results find from Customs process as obtained via qualitative approach indicates with average mean value of 3.86 there are challenges in relation of customs process specially customs bureaucracy has a challenge in freight forwarding service. It shows that in the clearance process as customs has direct relation with forwarding service, there needs to be improvements with regards to officer’s knowledge, technology and repetitive checking.

#### 4.4.2 Transportation and Infrastructure challenges of freight forwarding in Addis Ababa

The response from the questioners for transportation and infrastructure challenges of the selected companies are categorized by table as follows.

**Table 4.4 Transportation and Infrastructure challenges of freight forwarding in Addis Ababa**

##### Descriptive Statistics

	N	1		2		3		4		5		Mean	Std. Deviation
		F	P	F	P	F	P	F	P	F	P		
Road, and other logistics related infrastructures are underdeveloped	156	25	16.0%	9	5.8%	9	5.8%	69	44.2%	44	28.2%	3.63	1.374
Underdeveloped infrastructure affect your logistic performance	156	13	8.3%	7	4.5%	13	8.3%	69	44.2%	54	34.6%	3.92	1.167



Transportation problem is your current difficulty while practicing your activity	156	0	0%	12	7.7%	58	37.2%	48	30.8%	38	24.4%	3.72	0.921
Under developed transportation and infrastructure causes additional operation cost	156	1	0.6%	4	2.6%	24	15.4%	67	42.9%	60	38.5%	4.16	0.823
Transport and infrastructure development is essential for your company in order to perform in your sector.	156	0	0%	10	6.4%	57	36.5%	55	35.3%	34	21.8%	3.72	0.877
Your company has finance to manage transportation	156	21	13.5%	16	10.3%	19	12.2%	57	36.5%	43	27.6%	3.54	1.35
Mean												3.78	1.09

**Source: SPSS output 2022**

The table 4.4 above shows that in line to “Road, and other logistics related infrastructures are underdeveloped” ( $\bar{x}$ =3.63), 28.2% (44) of the respondents rated as ‘Strongly agree, 42.2% (69) respond ‘agree’ 5.8 % (9) responded ‘neutral 5.8% (9) responded ‘disagree’ and 16.0% (25) responded that strongly Disagree. This indicates that most respondent responded ‘agree’. The analysis implies that respondents agree that infrastructures which are essential in the logistics process are underdeveloped. “Underdeveloped infrastructure affect your logistic performance” ( $\bar{x}$ =3.92), 34.6% (54) of the respondents rated as ‘Strongly agree, 44.2% (69) respond ‘agree’ 8.3 % (13) responded ‘neutral and 4.50% (7) responded that Disagree 8.3% (13) strongly Disagree . As the analysis implies most respondents strongly agree that underdeveloped infrastructure reduce their logistics performance. “Transportation problem is your current difficulty while practicing your activity” ( $\bar{x}$ =3.72), 24.4% (38) of the respondents rated as ‘Strongly agree, 30.8% (48) respond ‘agree’ 37.2 % (58) responded ‘neutral 7.70% (12) responded ‘disagree’. As the analysis implies most of the respondents strongly agree that transportation is current headache in the clearing process. “Under developed transportation and infrastructure causes additional operation cost” ( $\bar{x}$ =4.16), 38.50% (60) of the respondents rated as ‘Strongly agree, 42.90% (67) respond ‘agree’ 15.4 % (24) responded ‘neutral 2.60% (4) responded ‘disagree’ and 0.6% (1) responded that strongly Disagree. The analysis implies that most of respondents responded agree. Therefore, lack of transport and infrastructure causes additional operation cost for freight forwarders. “Transport and infrastructure development is essential for your company in order to

perform in your sector.” ( $\bar{x}$ =3.72), 21.8 % (34) of the respondents rated as ‘Strongly agree, 35.3% (55) respond ‘agree’ 36.5 % (57) responded ‘neutral 6.4% (10) responded ‘disagree’ and. The analysis implies transportation and infrastructure development is essential to perform better in their sector. “Your company has finance to manage transportation” ( $\bar{x}$ =3.54), 27.6% (43) of the respondents rated as ‘Strongly agree, 36.5% (57) respond ‘agree’ 12.2 % (19) responded ‘neutral 10.30% (16) responded ‘disagree’ and 13.5% (16) responded that strongly Disagree. Therefore, majority of the respondents strongly disagree with finance to manage transportation. It means that there is slight finance problem with their side about transportation.

The overall mean value of the Transportation and Infrastructure challenges is 3.78 which are next to customs process.

As results find from Transportation and Infrastructure challenges as obtained via qualitative approach indicates with average mean value of 3.78 there are challenges in relation of Transportation and Infrastructure challenges even if the forwarding companies has their own finance to manage transportation, the response indicates that there is still underdeveloped infrastructure for transportation which causes them additional operational cost.

#### 4.4.3 Technology development and Implementation challenges of freight forwarding in Addis Ababa

**Table 4.5 Technology development and implementation challenges of freight forwarding in Addis Ababa**

	Descriptive Statistics											Mean	Std. Deviation
	N	1		2		3		4		5			
		F	P	F	P	F	P	F	P	F	P		
There is a good IT infrastructure and modern technology practices in your company.	156	9	5.8%	3	1.9%	9	5.8%	54	34.6%	81	51.9%	4.25	1.057
Your company work with customs in synchronized technological system	156	0	0%	0	0.0%	22	14.1%	54	34.6%	80	51.3%	4.37	0.72
There is developed IT infrastructure in Ethiopian Customs Commission Branches	156	21	13.5%	16	10.3%	19	12.2%	57	36.5%	43	27.6%	3.54	1.35
The new customs system is easy to understand, to adapt and implement.	156	9	5.8%	11	7.1%	16	10.3%	57	36.5%	63	40.4%	3.99	1.147

You are very familiar with the current system in customs	156	13	8.3%	16	10.3%	15	9.6%	76	48.7%	36	23.1%	3.68	1.18
Customs employees are skilled in technology which makes things easy for you.	156	58	37.2%	79	50.6%	15	9.6%	2	1.3%	2	1.3%	1.79	0.771
Customs' new system decrease paper intensive works	156	6	3.8%	17	10.9%	19	12.2%	75	48.1%	39	25.0%	3.79	1.058
Mean												3.63	1.04

**Source: SPSS output 2022**

The table 4.3.3 above shows that in line to “There is a good IT infrastructure and modern technology practices in your company.” ( $\bar{x}$ =4.25), 51.9% (81) of the respondents rated as ‘Strongly agree, 34.6% (54) respond ‘agree’ 5.8 % (9) responded ‘neutral 1.9%(3) responded ‘disagree’ and 5.8% (9) responded that strongly Disagree. This implies, there is good IT infrastructure and modern technology in the freight forwarders companies. “Your company work with customs in synchronized technological system” ( $\bar{x}$ =4.37), 51.3% (80) of the respondents rated as ‘Strongly agree, 34.6% (54) respond ‘agree’ 14.1 % (22) responded ‘neutral. The analysis implies that the respondents are not working in synchronized technological system with customs. “There is developed IT infrastructure in Ethiopian Customs Commission Branches” ( $\bar{x}$ =3.54), 27.6% (43) of the respondents rated as ‘Strongly agree, 36.5% (57) respond ‘agree’ 12.2 % (19) responded ‘neutral 10.3% (16) responded ‘disagree ’ and 13.5% (21) ‘strongly disagree’. As the analysis implies the respondents disagree with there is developed IT infrastructure in Ethiopian Customs Commission Branches. “The new customs system is easy to understand, to adapt and implement” ( $\bar{x}$ =3.99), 40.4% (63) of the respondents rated as ‘Strongly agree, 36.5% (57) respond ‘agree’ 10.3 % (16) responded ‘neutral 7.1% (11) responded ‘disagree’ and 5.8% (11) responded that strongly Disagree. Therefore, the response implies the majority of respondents are neutral to tell if the new customs system is easy to understand, to adapt and implement. “You are very familiar with the current system in customs” ( $\bar{x}$ =3.68), 23.1% (36) of the respondents rated as ‘strongly agree, 48.7 % (76), 9.6% (15) neutral10.35 (16) disagree and 8.3% (13) responded that strongly Disagree. As the analysis indicates the respondents strongly disagree that they are very familiar with the current system in customs. “Customs employees are skilled in technology which makes things easy for you.” ( $\bar{x}$ =1.79), 1.30% (2) of the respondents rated as ‘Strongly agree, 1.30% (2) respond ‘agree’ 9.6 % (15)

responded ‘neutral 50.60% (79) responded ‘disagree’ and 37.20% (58) responded that strongly Disagree. Therefore, most of the respondents disagree that customs employees are skilled in technology therefore things are easy in the clearance process. “Customs’ new system decrease paper intensive works.” ( $\bar{x}=3.79$ ), 25.0% (39) of the respondents rated as ‘Strongly agree, 48.1% (75) respond ‘agree’ 12.2 % (19) responded ‘neutral 10.9% (17) responded ‘disagree’ and 3.8% (6) responded that strongly Disagree. As the analysis implies, majority of the respondents agreed that the new system decrease paper intensive work.

The overall mean value of the Transportation and Infrastructure challenges is 3.63 which are next to Government Rules and Regulations related factor.

As results find from Technology Development and Implementation challenges as obtained via qualitative approach indicates with average mean value of 3.63 it indicates the companies has developed IT system and working on the new system of customs’ ESW. However, their challenge is in relation to customs’ officer’s technology skill and adaptability.

#### 4.4.4 Government Rules and Regulations related challenges of freight forwarding in Addis Ababa

**Table 4.6 Government Rules and Regulations related challenges of freight forwarding in Addis Ababa**

<b>Descriptive Statistics</b>													
	N	1		2		3		4		5		Mean	Std. Deviation
		F	P	F	P	F	P	F	P	F	P		
New rules, directives and regulations have effect on your company.	156	9	5.8%	3	1.9%	9	5.8%	54	34.6%	81	51.9%	4.25	1.057
Rules and regulations are consistent and predictable.	156	32	20.5%	40	25.6%	39	25.0%	13	8.3%	32	20.5%	2.83	1.401
There are frequent changes of rules, directives and new regulations.	156	21	13.5%	16	10.3%	19	12.2%	57	36.5%	43	27.6%	3.54	1.350

The rules and regulations issued by the government are barriers in clearance process	156	9	5.8%	11	7.1%	16	10.3%	57	36.5%	63	40.4%	3.99	1.147
Your company is easily adaptable with new government rules and regulations.	156	13	8.3%	16	10.3%	15	9.6%	76	48.7%	36	23.1%	3.68	1.180
Application of new gov't rules and regulations is a challenge for your company.	156	25	16.0%	9	5.8%	9	5.8%	69	44.2%	44	28.2%	3.63	1.374
There is a way that government rules cause additional cost in your operation	156	13	8.3%	7	4.5%	13	8.3%	69	44.2%	54	34.6%	3.92	1.167
Mean												3.69	1.24

**Source: SPSS output 2022**

The table 4.3.4 above shows that in line to “New rules, directives and regulations have effect on your company.” ( $\bar{x}$ =4.25), 51.9% (81) of the respondents rated as ‘Strongly agree, 34.6% (54) respond ‘agree’ 5.8 % (9) responded ‘neutral 1.9% (3) responded ‘disagree’ and 5.8% (9) responded that strongly Disagree. Therefore as per the respondent’s response new rules, directives and regulations have effect on their company. “Rules and regulations are consistent and predictable” ( $\bar{x}$ =2.83), 20.5% (32) of the respondents rated as ‘Strongly agree, 8.3% (13) respond ‘agree’ 25.0 % (39) responded ‘neutral 25.6% (40) responded ‘disagree’ and 20.5% (32) responded that strongly Disagree. Therefore, rules and regulations are not consistent and predictable. “There are frequent changes of rules, directives and new regulations” ( $\bar{x}$ =3.54), 27.6% (43) of the respondents rated as ‘Strongly agree, 36.5% (57) respond ‘agree’ 12.2 % (19) responded ‘neutral 10.3% (16) responded ‘disagree’ and 13.5% (21) responded that strongly Disagree. As the analysis implies the respondents agreed on there is frequent change in rules, regulations and directives. “The rules and regulations issued by the government are barriers in clearance process” ( $\bar{x}$ =3.99), 40.4% (63) of the respondents rated as ‘Strongly agree, 36.5% (57) respond ‘agree’ 10.3 % (16) responded ‘neutral 7.1% (11) responded ‘disagree’ and 5.8% (9) responded that strongly Disagree. As per the analysis rules and regulations are barriers in the clearance process.

“Your company is easily adaptable with new government rules and regulations” ( $\bar{x}$ =3.68), 23.1% (36) of the respondents rated as ‘Strongly agree, 48.7% (76) respond ‘agree’ 9.6 % (15) responded ‘neutral 10.3% (16) responded ‘disagree’ and 8.3% (13) responded that strongly Disagree. Therefore, new government rules and regulations are easily adaptable. “Application of new gov’t rules and regulations is a challenge for your company” ( $\bar{x}$ =3.63), 28.2% (44) of the respondents rated as ‘Strongly agree, 44.2% (69) respond ‘agree’ 5.9 % (9) responded ‘neutral 5.8% (9) responded ‘disagree’ and 16.0% (25) responded that strongly Disagree. The analysis implies application of new gov’t rules and regulations is a challenge for freight forwarders.

“There is a way that government rules cause additional cost in your operation” ( $\bar{x}$ =3.92), 34.6% (54) of the respondents rated as ‘Strongly agree, 44.2% (69) respond ‘agree’ 8.3 % (13) responded ‘neutral 4.5% (7) responded ‘disagree’ and 8.3% (13) responded that strongly Disagree. Therefore, a government rule causes additional cost in freight forwarders operation.

The overall mean value of the Government Rules and Regulations related challenges is 3.69 which are next to Transportation and infrastructure development related factor.

As results finding from Government Rules and Regulations related challenges as obtained via qualitative approach indicates with average mean value of 3.69 it indicates government rules and regulations has direct effect on their company. There challenges are unpredictable and rigid rules of government.

#### 4.4.5 The mean of the factors

From the results of descriptive statistics relatively agree from of factors for freight forwarders challenges are described in below table.

**Table 4.7 average mean of the factors**

<b>Factors</b>	<b>Average mean</b>
<b>Customs Process</b>	<b>3.86</b>
<b>Transportation and Infrastructure</b>	<b>3.78</b>
<b>Technology implementation and adaptability</b>	<b>3.63</b>
<b>Government rules and regulations</b>	<b>3.69</b>

**Source: SPSS output 2022**

The above table indicate that customs process and transportation and infrastructure related factor are the two major factors with mean score value 3.86 and 3.78 respectively are the highly determinants of freight forwarders challenges in some selected logistics companies. Technology implementation and adaptability and Government rules and regulations related factors with mean score value 3.63 and 3.69 respectively also considered as basis factor.

#### **4.5 Discussion of Findings**

The result of the study implies Customs Process and transportation and infrastructure are the major determinant of freight forwarders challenges in some logistics companies with mean value of 3.86 and 3.78 respectively. However, Government rules and regulations and Technology implementation and adaptation related factors are resulted determinant of the research with mean score value 3.69 and 3.63 respectively.

With regards to Customs process, the research finding is similar with (Vasantha and Meena, 2019) the major problem faced by freight forwarders is customs clearance. As Fitsum, M. (2020) conclusion Custom Clearance is characterized by time taking, unnecessary bureaucracy and repetitive checking which leads to complicated custom clearance procedure. Also finds that people assigned to take custom clearance doesn't have enough knowledge to undertake custom clearance and this leads to delay to get out shipment from custom compound. As the respondents of this research indicates with mean value of 3.86 majority of the respondents strongly agree that customs process is time taking, unnecessary bureaucracy and repetitive checking leads to additional cost. Majority of the respondents agreed that a customs officer has lack of skill, knowledge and understandability which also leads to delay and extra cost.

With regards to Transportation and infrastructure, the researches finding is similar to (Elias, 2020) finds that among the factors that affects freight forwarders performance is overall infrastructure and Ethiopia's transport sector is weak and the industry is exposed to loss of foreign currency due to truck shortage are some of the factors that affect freight forwarders. In the analysis the respondents agreed on lack of transport infrastructure like road is their challenge in the logistics process. Also the analysis implies there is additional cost caused by lack of infrastructure for transportation. Therefore, the respondents of the research agreed that transportation and lack of infrastructure is a challenge in the logistics process which is mean value of 3.78.

With regards to government rules and regulations, the analysis of this research is similar with Florentina J. (2013) who finds government rules and regulations should be improved in order to facilitate freight forwarders activities. Easily adaptable and applicable rules are need in the clearance process. However, for freight forwarders or for other stakeholders it could increase delay in logistics chain also causes additional operation cost as a result of lack of understanding of rules or rules which could not be applied easily. The respondents of this research agree that it is a great challenge in their activity with mean value of 3.69 which is next to customs process.

With regards to Technology adaptability and implementation, the finding of the study is similar to Sarker (2017) which is, freight forwarders require new technology should be used to keep pace with market leaders. Freight Forwarders to expand their business proposition, they need to develop value adding services and have well-designed systems for control, visibility and flexibility. As the analysis implies the respondents of this research has advanced technology adaptation and implementation in their company. The analysis of the research on technology is put with mean value of 3.63 which is lowest of compare to the other factors. The challenges for freight forwarding services are not from their own company but from customs officers' technology adaptation and implementation

The research findings imply customs process is a very challenge for freight forwarders in the logistics process. Even though paper intensives works decreased due to the starting of the new system customs' officer's lack of understanding and skill causes a challenge. Unnecessary bureaucracy and repetitive checking is still in customs process which the respondents agree it causes additional operation cost. With regards to transportation, from the interview and the questioner finding the respondents company's transportation facility is good enough to practice their role. However, lack of road infrastructure, system infrastructure and new rules and regulations are bottle neck for them.

As the respondents of this research agree even if new government rules and regulations are simple, it is causing them a challenge because of rigidity that is, the rules are not flexible enough according to the situations because of the rigidity forwarders implies that it causes them additional operational costs.

On the fourth factor technology adaptability and implementation, the research questions were prepared to check if the forwarders and customs technology adaptability and implementation is good enough. With the results it implies that customs officers' technology knowledge is not good enough and helping for forwarders in the clearance process. However, the respondents agree that



new customs system decrease a lot of work for them and most importantly it decrease paper works.

In this section interview explanation will be reported. Thematic analysis was used to analyze and report the data, which is taken after by coding the meet fragments utilizing an inductive approach where the coding and topic era are coordinated by the substance of the information (Braun & Clarke, 2006; Saunders et al., 2009). This approach is particularly valuable in building up the generalizability of inductions and for creating more dynamic elucidations of a marvel (Eisenhardt & Graebner, 2007).

The researcher compiled the recorded response from the interviewees using thematic analysis and closely examined the data to identify common themes – topics, ideas and patterns of meaning that come up repeatedly.

Majority of the respondents mentioned that their biggest challenge in freight forwarding process is Customs process which has long bureaucracy and inflexible rules and regulations adopted by government. The respondents mentioned that even if the regulations are easy to understand sometimes it becomes difficult in implementation. They have mentioned that rigid laws make additional operation cost and customer dissatisfaction in the clearance process.

The respondents were asked to explain their computer or electronic data interchange capability. Thematically they have answered that they have medium electronic and data interchange capability which they think is enough for their work. Besides, the respondents were asked if there is good IT infrastructure in their company and almost all the respondents have answered that their IT infrastructure is well designed in their company and it has its own department. They have also mentioned that connection availability is high in their company.

As the respondents replied for their thought about the effect of customs clearing process delay, thematically they have answered that in customs there is a huge problem with their IT system and there is less skilled manpower recruitment system, not use high technology, Poor customer handling and lack of language skill. The respondents mainly explained that customs personnel have lack of knowledge and don't understand well which processes or activities cause delay and long bureaucracy.

The respondents were asked their opinion about the current import/export procedures and if it is simple, clear and short that help to faster import/export clearance services. Majority of the respondents responded that with relative to previous year's which were paper intensive customs process before the beginning of new website Ethiopian Single Window System, it is simple clear

and short however, they have mentioned that the logistics process in Ethiopia is on the lower handling standard stage.

As the researcher asked the clearing officers about easily understandability and applicability of customs laws and regulations, thematically the respondents answered that it is not difficult to understand but it is hard to be applied, especially when it comes to penalty. The respondents mentioned that even if the laws are easy to understand sometimes it becomes rigid with some situations and causes additional cost and customer dissatisfaction.

The researcher wondered if there is developed and underdeveloped infrastructure in clearing process. The respondents explained that there are infrastructural problems even if they are seeing progress of road expansion, IT provision however, they also mentioned that there is only one IT system in customs which is one and only server bought from Ethiopian Telecommunication that if the customs system is down there will be stuck in all clearing processes as a whole. Therefore, the respondents stated that Customs IT infrastructure is underdeveloped and needed to be improving for a better clearing process.

The respondents were asked if there is any transportation problem. The respondents thematically stated yes. Due to Government urgent needs for immediate projects delivery commitment (government quotas to load urgent shipment); Chaos, War, Market price inflation; carriers related, i.e., drivers' behavior, truck services, theft or contraband, accident; seal problem, customs document that is wrong document from Djibouti customs, security or social conflict, cracked road, bad climate and lack of customs system on boarder are the major transportation problems. All the above mentioned problems are out of freight forwarders hand so that it causes additional cost, penalty due to rigid customs law and customer dissatisfaction due to delay.

The respondents described customs' and government rules and regulations. Majority of the respondents answered that the rules and regulations are almost government centered, or not balanced, it doesn't encourage keeping working. Some of the respondents added that the rules are rigid and does not consider any external conditions like climate change, social insecurity, system problem and other conditions which cause delay for freight forwarders. Therefore, they claimed that if the rules could be flexible.

The researcher asked the respondents if their human resource department hire employees who are highly skilled and if the HR is well structured – Majority of the respondents answered, their human resource department hires well skilled personnel that the personnel have sufficient knowledge and skills they want. Also some of them added that the vacant position is for who has

license. In general, the respondents said they have seen much improvement, and still they are working to be more structured.

The researcher gave a chance to respondents to add about freight forwarding process challenges specifically. The response could not be coded and thematic because all persons who had interview with the researcher have different points. Therefore, the researcher collects the ideas and explained in details as follows:

*“There is a huge problem on packing in related to customs. The clearing officers explained that packing has its own cost that customs officers do not recognize it. If there is any uncertainty there is a probability that the packed shipment must be unpacked and rechecked by customs officers’ order. Freight forwarders complained that it causes additional repacking cost which was not added on their agreement with end users. They also explained that it is caused by customs officer’s lack of understanding and harmonized system”.*

The other challenge mentioned by the freight forwarders is their own customer’s preference. They have mentioned that lack of importer’s knowledge of the imported goods is a challenge for them. As an example, as Mr. Yonnas explained,

*“Imported chemicals expire date will approached when the customer ordered will be expired till the clearance process is ended. Therefore, as a government’s rule of chemicals do not disposed in Ethiopia it should be resend (export) to the shipper country which is additional cost for the freight forwarders and create Complaints from the customers”.*

The other challenge mentioned by freight forwarders are, *“ship is warped by waves, lack of understanding of the customers about logistics process, social insecurity, market volatility, lack of road infrastructure, customer’s inaccessible preferences, lack of system advancement and government itself”.*

The overall research finding in relation to the research question is, the main challenges of freight forwarders is customs process with the highest mean of the other three factors, it is a challenging area because of lack of knowledge in customs officers, repetitive and time taking checking, long and unnecessary bureaucracy, lack of technology adaptability in customs officers.

In relation to transportation and infrastructure development, the challenges are due to underdeveloped road infrastructure, lack of system in boarder, government quota, accidents and market volatility. The companies manage their Owen transportation however; it is inapplicable to them due to the above mentioned reasons.

With regards to technology the company's technology related challenges are with customs officers' technology knowledge and adaptability. The finding implies the companies use advanced technology and has skilled manpower however; it is a challenge for them to work with under skilled customs' officers.

In relation to government rules and regulations, the challenges are because of unpredictable rules and directives of government and rigid rules which do not consider some situations like, climate, social insecurity and alike sudden phenomena's therefore it causes penalty for them.

The main factor from all factors is customs process which has highest mean from all of the three factors therefore, by comparing the factors the finding indicates customs process is freight forwarding services main challenging area.

## **Chapter Five**

### **5. Summary of Finding, Conclusion and Recommendation**

#### **5.1 Introduction**

In this section, based on the previous chapter research finding, conclusion and recommendations are forwarded.

#### **5.2 Summary of the findings**

Based on the finding reported under chapter four, the summaries of findings are drawn in order to make clear and precise the findings to the readers. For this study, data were collected from four freight forwarding logistics company's sample of 165 employees. Based on the sample population 165 questionnaires were distributed and 156 are returned filled and 13 employees were interviewed. Descriptive statistics were used to analyze the data collected from the respondents. Frequencies, percentages, mean and Standard deviation were used to analyze the data. In order to clarify the demographic data pie chart, bar chart and histogram was used. The study used the categorized factors to assess the challenges of freight forwarders in some logistics companies. The categorized factors are Customs process, transportation and infrastructure, government rules and regulations and technology implementation and adaptation.

The finding of the research implies in freight forwarding activities freight forwarders face challenges as a result of customs process that is lack of understandability and language skill of customs officers, due to down of the only server in customs, unnecessary bureaucracies and repetitive checking of documents, less skilled manpower recruitment system, lack of technology adaptability of customs officers and rigid laws enforced by customs. Another challenge of freight forwarders is related to transportation and infrastructure. As the finding indicates, the companies in this research have their own transportation facility to load and unload imported/exported goods. However, lack of system in borders, driver's behavior, climate, a wave, gas cost, and customer's lack of understand on the logistics process government quota and lack of road infrastructure is a very challenge for them.

Freight forwarders also face government rules and regulations related challenges according to the research finding. Government imposes quotas to load urgent shipment which causes additional cost and customer dissatisfaction to freight forwarders. Rules and regulations by the government are simple to understand but it is rigid according to the research finding. The finding also implies that, there are frequent changes of rules, directives and new regulations also it implies rules and regulations issued by the government are barriers in freight forwarders activities.

In relation to technology factor, the finding implies customs officers are not good enough in technology application which causes delay in the clearance process. Also the finding implies even the technology advancement is good in the respondents companies, customs system is barrier for freight forwarders. Therefore, the finding implies technology became freight forwarders challenge when it comes to their work relation with customs branches.

### **5.3 Conclusion**

According to the respondents' response analysis, this research describes freight forwarders' challenges with a particular emphasis on some selected logistics companies in Addis Ababa. There is a number of challenges freight forwarders face in the logistics process. According to the analysis, the most challenging factor is the customs process. The finding indicates lack of skilled manpower recruitment in the customs office, bureaucracy, rigid laws, lack of language skills of customs officers, repetitive checking, and lack of customer handling are difficulties in the customs process. The analysis result shows with a mean value of 3.86 indicates challenges related to the customs process take the highest place.

As per the research finding, the transportation and infrastructure factor takes the next place with a mean value of 3.78. In this regard, cracked roads, ship waves, lack of system on boarders, drivers' behavior, social insecurity, climate change, market price inflation, truck service, and accidents are freight forwarders' challenges which is a barrier that causes a delay in the process, additional operation cost and decrease customer .

Government rules and regulations, in this, regards the analysis implies new rules and regulations have an effect on freight forwarders. Unpredictable and frequent change rules and regulations are a challenge for freight forwarders. As the finding implies rules and regulations are easy to understand and adapt however, rigidity is the problem for forwarders also government imposes

quotas to load urgent shipment is a very challenge. The respondents respond the questioner with mean vale of 3.69.

Technology adaptability and implementation scaled with 3.63 mean values. In this regard, freight forwarders face challenges when it comes to customs officers' technology knowledge and applicability. Even though technology implementation is good enough in almost all companies and the new customs system decreased paperwork, there is still a challenge to be familiar with the new customs system ESW in customs and also in their company.

## **5.4 Recommendations**

Based on the analysis made the following recommendations are forwarded.

- The Customs commission needs to recruit skilled manpower as far as it is a large entity with branches and networks. By arranging appropriate vacant and hire employees with skill.
- Customs only server which is from Ethiopian telecommunication needs to be advanced and there must be replacing server when the system is down. By prepare proposal and arrange meeting with telecommunication.
- Customs laws need to be easy to be applied. In the logistics chain, there are stakeholders such as carriers and shippers. Therefore, laws need to be applicable for both parties and for end-users.
- Since the sector is the only sector where the import and export process is accomplished, customs' technology advancement needs to be attained by hiring IT officers, young employees who can easily adapt to new technologies and are skilled in the language.
- In Ethiopia, road, information technology, and other infrastructures need to be developed. Government need to create projects for roads and for other underdeveloped infrastructures. It will make cargo time short and minimize costs for import and export stakeholders. Government should take the responsibility by arranging budgets and projects for different underdeveloped infrastructure.
- The new customs system ESW needs to be addressed and has to be accessible for all stakeholders as it decreases paper works and simplifies the user's difficulty. That is, training on the system must be given to all users (shipper or carrier).

- Government rules and regulations need to be not only easy to understand but it has to be easy to apply. Also, rules and regulations have to be flexible enough when there are hard situations to apply. For instance, when there is chaos it causes a delay in the deadline therefore; the rules need to be flexible not penalized.
- For freight forwarders, they need to be technologically advanced because their work is international work and linked with different customers which are in the different business sectors. It is advisable for freight forwarders to own their truck in order to simplify loading and unloading. For freight forwarders, hiring skilled manpower is essential to communicate with customs and to adapt to the new technologies
- For freight forwarders, to minimize operation costs, it is essential to identify what causes additional costs. As the analysis implies, cracked roads, new rules, repetitive checking in customs, and other causes additional costs. Therefore, for freight forwarders' identifying the problem is the first thing and vital remedies will be taken.
- For freight forwarders, to minimize the challenges faced in their activities, they need to create awareness for their employees when there are new rules and regulations in order to not to face a penalty, their employees need to be highly skilled in the logistics sector, they have to own their transportation, have to create smooth and harmonized connection with customs branches, have to develop their own good IT infrastructure and modern technology in order to commutative with the world market and to develop the logistics sector by one step.

## **5.5 Limitation and Suggestions for further study**

There is a need for further research on the subject topic. The research was limited based on the assessment of four factors that are, customs process, technology adaptability and implementation, transportation and infrastructure, and government rules and regulations. But, there are other factors for which further research is needed such as political instability, market volatility, and the effects of a global pandemic on freight forwarders. Also, for further researchers, it will be a starting point to assess on the prospects of freight forwarders in the logistics system and to assess the prominence of freight forwarders in the logistics process.



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## Appendix – A

**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**  
**GRADUATE STUDIES**  
**DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT**

### **Questionnaire**

Dear Respondent,

The purpose of this questionnaire is to gather relevant information which will be used for the study entitled as '*Freight Forwarding Challenges on the Selected Logistics Companies*' for the partial fulfillment of MBA in Addis Ababa University School of Commerce. I would like to extend my deep appreciation to your company and you for the willingness and cooperation in filling necessary information. Taking part in this study, you will contribute towards alleviating the problem of freight forwarding challenges on the logistics process. The information you provide will help the researcher to better understand the situation of freight forwarding challenges in the logistics companies.

All data and information that will be gathered through this questionnaire will be *only* used for the individual purpose of the research and remains confidential. Therefore, I kindly request and encourage you to complete the following questions to reflect your opinions as accurately as possible and give factual information to the best of your knowledge.

*Thank you for your support and cooperation.*

If you have any inquiries, please kindly use the following Address:

**BitanyaAdmasu**

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## General direction

After carefully reading each question, indicate your response by ticking (√) the box which is appropriate for you.

### I. General information Questions

1. Gender

Male  Female

2. Age

18 -30 years  31 – 40 years'  41 years – 50 years  above 50 years

3. Marital Status

Single  Married  Divorce  Separated  Widowed

4. Highest Level of education

Attained Primary School  Secondary School  College diploma  First Degree   
Master's degree & PhD

5. Work experience in current company.

0-2  3-5  6-8  9 and above

**II. In Relation to freight forwarding practices and challenges decisions, please indicate the degree/scale of importance of the factors listed below by ticking (√) in the appropriate response column.**

**Hint:** 1 = strongly disagree

4 = agree

2 = disagree

5 = strongly agree

3 = Neutral

<b>Customs Process Challenges</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Customs process has direct effect on your day to day activities.					
Your company is working with customs without any disputes					
Customs' officers skills and knowledge is highly mattered for you					
Customs process caused additional cost on your company operational cost.					
There are bureaucracies on customs process.					

In customs process technology implementation is low					
There is a lot of paper work in customs process.					
Customs process is your main current challenge in freight forwarding activity.					
Your Company Human Resource department hires highly skilled employees who has logistics knowledge and can understand customs process and regulations.					
<b>Transportation and Infrastructure challenges</b>					
Road, and other logistics related infrastructures are underdeveloped					
Underdeveloped infrastructure affect your logistic performance					
Transportation problem is your current difficulty while practicing your activity					
Under developed transportation and infrastructure causes additional operation cost					
Transport and infrastructure development is essential for your company in order to perform in your sector.					
Your company has finance to manage transportation					
<b>Technology related challenges</b>					
There is a good IT infrastructure and modern technology practices in your company.					
Your company work with customs in synchronized technological system					
There is developed IT infrastructure in Ethiopian Customs Commission Branches					
The new customs system is easy to understand, to adapt and implement.					
You are very familiar with the current system in customs					
Customs' new system decrease paper intensive works					
Customs employees are skilled in technology which makes things easy for you.					
<b>Government Rules and Regulations Challenges</b>					
New rules, directives and regulations have effect on your company.					

Rules and regulations are consistent and predictable.					
There are frequent changes of rules, directives and new regulations.					
The rules and regulations issued by the government are barriers in clearance process					
Your company is easily adaptable with new government rules and regulations.					
Application of new gov't rules and regulations is a challenge for your company.					
There is a way that government rules cause additional cost in your operation					

***Thank you Very Much!***

## Appendix - B

### I. Interview Questions

1. What do you think your biggest challenges are in freight forwarding processes?
2. Would you please, explain your computer or electronic data interchange capability?
3. Is there good IT infrastructure in your company?
4. What do you think is the effect of customs clearing process delay? Please, explain in detail.
5. Do you think the current import/export procedures are simple, clear and short that help to faster import/export clearance services? (Do they align with the laws and regulations)?
6. Are customs laws and regulations easy to understand and make practical?
7. Is there developed infrastructure in clearing process? If no what are underdeveloped infrastructures?
8. Is there any transportation problem? If yes please clarify?
9. How do you describe customs' and government rules and regulations?
10. Is your human resource hiring employees who are highly skilled? Is the HR well structured?
11. Anything that you want to add about freight forwarding process challenges? Please, specify?