

# ANALYZING THE CHALLENGES OF FREIGHT FORWARDER TOWARDS EXPORT AND IMPORT

**Mr. SAIRAM K<sup>1</sup>, DR. B KALAIYARASAN<sup>2</sup>**

II MBA Shipping & Logistics Management, Department of Management Studies, VISTAS<sup>1</sup>

Assistant professor, MBA Shipping & Logistics Management,

Vels Institute of Science Technology and Advanced Studies (VISTAS) Pallavaram, Chennai-117<sup>2</sup>

**Abstract:** Freight forwarding plays a vital role in global trade by facilitating the seamless movement of goods across international borders. Freight forwarders act as intermediaries between shippers and carriers, managing logistics, customs clearance, documentation, and risk assessment. While they contribute significantly to supply chain efficiency, they also face numerous challenges that impact operational effectiveness, service quality, and profitability. These challenges arise from regulatory complexities, geopolitical issues, technological advancements, rising operational costs, environmental concerns, and evolving customer expectations. Understanding and addressing these challenges is crucial for the industry's sustainability and growth.

Compliance with international standards such as the International Maritime Organization (IMO) regulations on container weight verification and emissions control adds further complexity. Failure to adhere to these regulations can lead to delays, penalties, legal disputes, and reputational damage. Additionally, security regulations, including the Verified Gross Mass (VGM) requirements and the Customs-Trade Partnership Against Terrorism (C-TPAT) program, necessitate accurate documentation and strict adherence to guidelines.

Additionally, Brexit has added complications to trade between the UK and the European Union, requiring freight forwarders to navigate new customs and compliance requirements.

Freight forwarders must balance these rising expenses while maintaining competitive pricing and service quality.

Digitalization has improved efficiency through freight management systems, blockchain, artificial intelligence (AI), and the Internet of Things (IoT), enabling better tracking, automation, and cost optimization. However, many freight forwarders, particularly small and medium-sized enterprises (SMEs), struggle with the high investment costs associated with adopting these technologies. Moreover, cybersecurity threats such as data breaches and ransomware attacks pose a significant risk to logistics companies, potentially disrupting operations and exposing sensitive client information.

**Keywords:** Regulatory Compliance, Digital Transformation, Cybersecurity, Sustainability & Customer Expectations

## I. INTRODUCTION

The importance of proper documentation is everything for this import cargo, and this is why freight forwarders play such a vital role in import shipping, fast tracking the clearance process, and ensuring seamless import process. A freight forwarder is a person or organization that is responsible for the transportation of goods from one destination to another destination. Freight forwarding companies work in arranging the whole process for their shippers, from the storage to the shipping of their market. They act as an intermediary between the shipper and transportation services, communicating with various carriers to negotiate on price and decide on the most cost effective, well founded and swift route.

Freight forwarding plays a crucial role in global trade by ensuring the efficient movement of goods across international borders. One of the most critical aspects of this process is proper documentation, which facilitates smooth customs clearance and prevents costly delays. Customs authorities require accurate and complete documentation to assess duties, verify compliance with regulations, and ensure security.

## II. NEED FOR THE STUDY

Freight forwarders play a critical role in global and domestic supply chains, impacting trade and economic activity.

They face operational and strategic challenges that hinder timely and cost-effective services. Global disruptions have exposed vulnerabilities in freight operations, highlighting the need for resilience and adaptability. Technological adaptation is crucial, but barriers to digital transformation must be addressed. This study aims to provide data-driven insights to improve logistics company performance and customer satisfaction. By analyzing industry challenges and opportunities, we can support policymakers in designing effective strategies. The research contributes to academic literature by offering updated insights into logistics management and freight challenges. Understanding these dynamics is vital for developing efficient supply chains. The study's findings can inform logistics companies and policymakers, enabling informed decisions. Effective logistics management is critical for trade and economic development

### **III. OBJECTIVES OF THE STUDY**

- ❖ To Identify major operational, regulatory, and logistical challenges faced by freight forwarders.
- ❖ To Analyze the impact of these challenges on service efficiency, cost-effectiveness, and customer Satisfaction.
- ❖ To Evaluate technological challenges in adopting digital tools and automation in freight forwarding.
- ❖ To Understand coordination and communication challenges among stakeholders, including shippers, carriers, and customs authorities.

### **IV. RESEARCH METHODOLOGY**

The research design refers to the overall plan for conducting the research. It includes the type of research, the research questions, the data collection methods, and the data analysis techniques. The research design should be carefully planned and tailored to the specific research question being addressed.

It outlines the structure, framework, and procedures for collecting and analysing data to address research questions or objectives effectively. Research design encompasses various elements, including the type of research (e.g., qualitative, quantitative, mixed-methods), the selection of research participants, the sampling strategy, the data collection methods, and the data analysis techniques. A well-defined research design ensures that the study is conducted systematically, rigorously, and in accordance with the goals of the research, allowing researchers to generate meaningful findings and draw valid conclusions.

#### **DATA COLLECTION**

A methodology or technique used to collect data for analysis or research is called a data collecting method. It entails gathering data from a variety of sources or directly from people or organisations that are pertinent to the subject of the study. The type of data needed, the goals of the study, and the nature of the research all influence the choice of data gathering techniques. Every technique for gathering data has advantages, disadvantages, and applicability for various study settings. Based on their research goals, the nature of the research questions, the study population's characteristics, and pragmatic factors like time, money, and participant accessibility, researchers choose the best approach, or combination of approaches.

#### **DATA ANALYSIS TOOLS**

The gathered data was processed and analysed using SPSS (Statistical Package for the Social Sciences) software.

Statistical instruments used include the following:

**Correlation analysis:** measures the strength and direction of the relationship between two or more variables.

**Percentage Analysis:** To understand the demographic distribution of variables and key operational practices.

### **V. SIGNIFICANCE OF THE STUDY**

The significance of this study lies in data-driven insights to improve logistics company performance and customer satisfaction. It contributes to academic literature by offering updated insights into logistics management and freight challenges. The research supports policymakers in designing effective strategies for industry improvement. Understanding logistics dynamics is vital for developing efficient supply chains. The study's findings can inform logistics companies and policymakers, enabling informed decisions. Effective logistics management is critical for trade and economic development. The study's insights can help shape the future of logistics and freight forwarding. By addressing industry challenges, this research can contribute to economic growth and development. Furthermore, the study delves into the impact of technology on service delivery, recognizing its role in improving efficiency and customer satisfaction. By gathering insights from logistics managers, customers, and operational staff, the research provides a holistic view of the service quality landscape.

## VI. REVIEW OF LITERATURE

TSEGAYE, ELIAS (2020): A freight forwarder is an entity that acts as an intermediary between the actual shipper and the carrier. An effective freight forwarding sector is now recognized almost everywhere as one of the core enablers of development. The role of freight forwarding performance in the global economy is better recognized today than before. Efficient freight forwarding services reduce the cost of shipping cargos from source to destination. The study used descriptive research design and used mixed approach of both quantitative and qualitative data method.

SHANIA TIFFANY ILAT, JAMES D.D. MASSIE AND FITTY VALDIE ARIE

(2022): This research was aimed to analyzing the freight forwarding companies in North Sulawesi during the covid-9 pandemic

FREDRICK, KINGSLEY (2019): Enterprise Resource Planning and Customer Relationship Management are two essential concepts in the global supply chain. These aspects are considered to be the backbone of organizational success as they ensure that the upstream and downstream members of the chain are working effectively to deliver services that meet the standards and the customer's requirements. Dr. Ali mohamed abbas kamali (2018).This paper discusses strategies to improve On Time Delivery (OTD) for Bahraini companies to gain a competitive advantage. It analyzes efficient methods based on international concepts and literature. On-time delivery is crucial for business sustainability and customer trust, ultimately boosting profits. KPIs are used to assess on-time delivery, ensuring orders are shipped on time.

OMODING,WILFRED OKURUT (2018):The study investigated the relationship between service quality and customer satisfaction in Freight and Forwarding Industry using a case of Ken Freight Uganda Limited.

V.NOAH (2023): Customs clearance is a necessary procedure before goods can be imported or exported internationally. If a shipment is cleared, then the shipper will provide documentation confirming customs duties that are paid and the shipment can be processed

### CONCEPTUAL FRAMEWORK

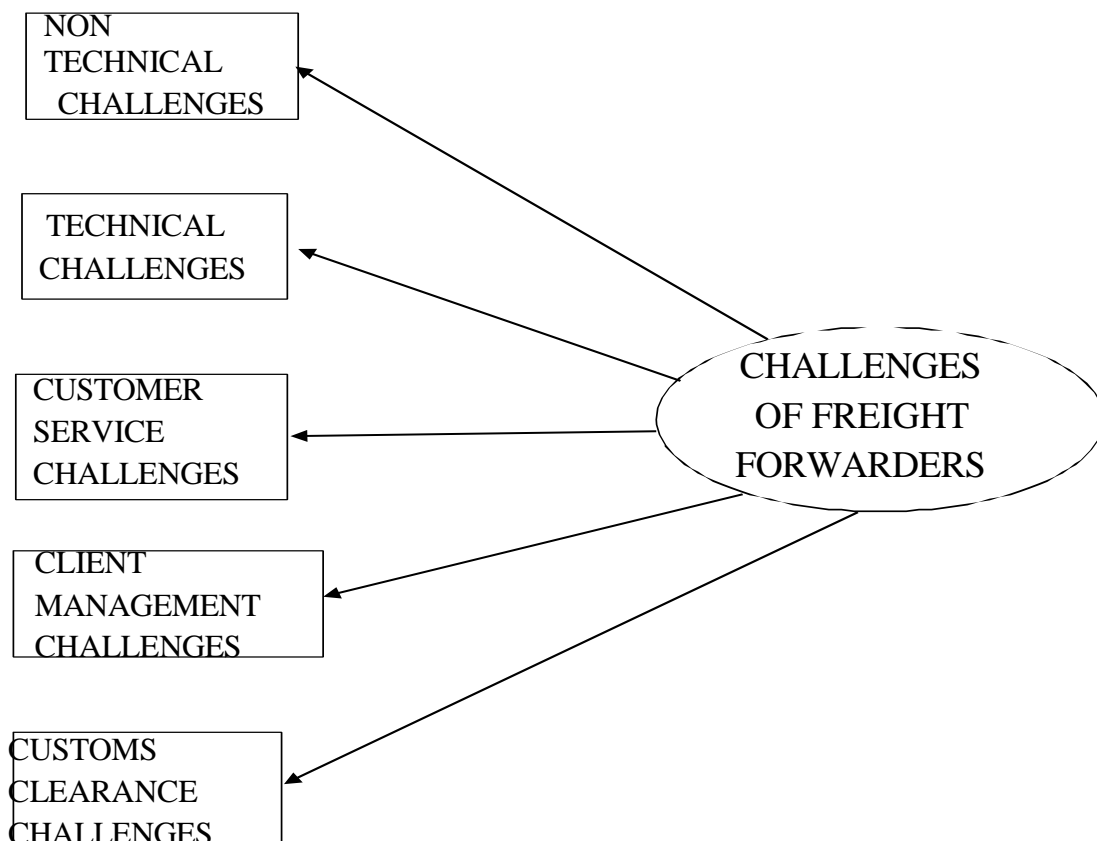


Chart 1. Conceptual framework of challenges of freight forwarder

## PERCENTAGE ANALYSIS

- ❖ The majority of respondents (38.1%) belong to the logistics industry, highlighting its central role in supply chain networks.
- ❖ A dominant 83.3% of respondents are between 20-30 years old, indicating a youthful demographic in the industry.
- ❖ Half of the respondents have less than 1 year of experience, suggesting a large influx of newcomers to the industry.
- ❖ General cargo is the most common type of cargo handled, with 57.1% of respondents primarily dealing with it.
- ❖ Most businesses (73.8%) are engaged in both import and export activities, showcasing their integrated role in global trade.
- ❖ Multimodal shipment is the most preferred method, used by 40.5% of respondents, highlighting the demand for flexible logistics solutions.
- ❖ Limited last-mile delivery coverage is the most pressing challenge in national freight forwarding, cited by 33.3% of respondents.
- ❖ Government regulations have a moderate to high impact on national operations, with 57.1% of respondents citing a moderate impact.
- ❖ Coordination issues among multiple logistics partners are a common challenge, with 35.7% of respondents experiencing occasional issues.
- ❖ The most significant barrier to digital transformation is the cost of technology, cited by 31% of respondents.
- ❖ Customs clearance time varies, but 40.5% of respondents report an average clearance time of 1-2 days.

## CORRELATION ANALYSIS

Correlation Analysis between non-technical challenges, technical challenges, customer service challenges, customs clearance challenges and client management challenges

H<sub>1</sub>, there is a significant relationship between non-technical challenges, technical challenges, customer service challenges, customs clearance challenges and client management challenges

The correlation analysis shows there is a strong correlation between customs clearance challenges and customer service challenge (.519) is the highest correlation value

The lowest correlation between technical challenges and client management challenge (0.174)

| Correlations                 |                          |                      |                             |                              |                              |
|------------------------------|--------------------------|----------------------|-----------------------------|------------------------------|------------------------------|
|                              | Non technical challenges | Technical challenges | Customer service challenges | Customs clearance challenges | Client management challenges |
| Non technical challenges     | 1                        | .464                 | .322                        | .341                         | 0.228                        |
| Technical challenges         |                          | 1                    | .418                        | .348                         | 0.174                        |
| Customer service challenges  |                          |                      | 1                           | .519                         | .449                         |
| Customs clearance challenges |                          |                      |                             | 1                            | .430                         |
| Client management challenges |                          |                      |                             |                              | 1                            |

## VII DISCUSSION

The findings of this comprehensive study-freight forwarders must adapt to technology-driven solutions to stay competitive. They should optimize networks using data analytics and collaborative approaches. Efficient document management systems are crucial for smooth operations. Staying informed about customs regulations is essential for compliance. Freight forwarders should implement AI tools in customs clearance to improve efficiency. A separate

team for dispute management can help resolve issues promptly. Investing in technology and automation tools is vital for modern freight forwarding. New strategies can strengthen customer and partner relationships. Real-time tracking and monitoring can enhance customer satisfaction. Implementing security measures is critical to protect shipments and customer data.

## VIII CONCLUSION

In conclusion, This project provided excellent exposure to the challenges of freight forwarders in export and import operations. Working with Phoenix Logistics enabled me to gain knowledge of freight forwarding operations. I understood the functions of each department and built good relationships with the staff. Freight forwarders face numerous challenges, including environmental issues and rising fuel prices. Documentation errors, capacity constraints, and lack of transparency are also significant challenges. Unpredictable demand and communication gaps with customers can impact operations. To overcome these challenges, freight forwarders must utilize technology-driven solutions. Optimizing networks and leveraging data analytics can improve efficiency. Collaborative approaches and efficient document management systems are also essential. Staying informed about customs regulations and providing guidance on packaging and labeling is crucial.

## REFERENCES

- [1]. TSEGAYE, E. (2020). assessment of freight forwarding practice and challenges in the case of some selected logistics companies in ethiopia (doctoral dissertation, st. mary's university).
- [2]. Ilat, S. T., Massie, J. D., & Arie, F. V. (2022). Analyzing the freight forwarding companies in North Sulawesi during the COVID-19 pandemic. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, 10(2).
- [3]. Md Fadzil, N. H., Shahar, S., Singh, D. K. A., Rajikan, R., Vanoh, D., Mohamad Ali, N., & Mohd Noah, S. A. (2023). Digital technology usage among older adults with cognitive frailty: A survey during COVID-19 pandemic. *Digital health*, 9, 20552076231207594.
- [4]. Rajesh, D., Gupta, S. K., Ilinich, S., & Singh, N. (2023). An assessment of challenges and factor influencing the freight forwarding business in the logistics industry. *Economics, Finance and Management Review*, (2), 4-23.
- [5]. Tasnim, B. (2022). Challenges and opportunities of freight forwarding industry in Bangladesh-An in-depth study of KUEHNE+ NAGEL Bangladesh Ltd.(Sea- Export).
- [6]. Ellram, L. M., & Cooper, M. C. (1990). Supply chain management, partnership, and the shipper-third party relationship.
- [7]. Huang, W., Yin, H., Choi, S., & Muhammad, M. (2022). Micro-and Small-Sized Enterprises'Sustainability-Oriented Innovation for COVID-19. *Sustainability*, 14(12), 7521.
- [8]. Hanif, R., & Kaluwa, E. (2016). Analysis of transport logistics challenges affecting freight forwarding operations in Malawi. *African Journal of Business Management*, 10(24), 607-614.