
CHALLENGES OF FREIGHT FORWARDERS TOWARDS EXPORT AND IMPORT OPERATIONS

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ABSTRACT

The purpose of this study is to understand the challenges that freight forwarders face while attempting to import and export goods. These experts handle complex logistics so efficiently that global trade is facilitated. However, they encounter many challenges that make it hard to provide effective and economical services. This article examines obstacles faced by freight forwarders in logistics industry. They act as middlemen between the shippers and the transportation companies, handling every step of the process for their clients, from warehousing the products to scheduling their shipping. These forwarders negotiate rates with several carriers and choose the most cost-effective and efficient routes. For the purpose of moving products, freight forwarders enter into agreements with appropriate carriers, like shipping lines and airplanes. They usually manage the shipping virtually but are excellent at coordinating logistics. Their highly specialized services leverage their regulatory knowledge, international commerce expertise, and shipping process efficiency for businesses engaged in international trade.. Transportation involves a variety of vehicles, including trucks, trains, ships, and airplanes, which are occasionally combined for a single consignment. For instance, a freight forwarder could plan for goods to be transported by truck from a facility to a seaport, followed by delivery by sea to the destination city and finally by another truck to the client's address. The study is based on primary data collected from freight forwarders through questionnaire survey and relevant statistical tools are applied to draw conclusion

Keywords: Freight forwarder, Challenges, Transportation, Shipping and Carrier

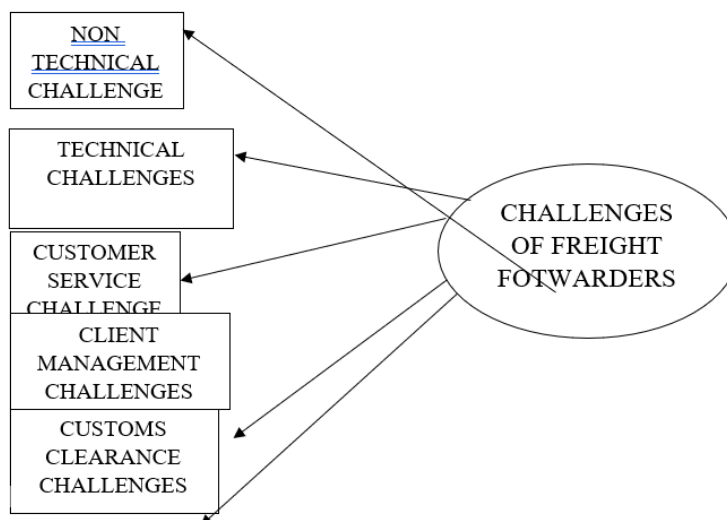
1. INTRODUCTION

A freight forwarder arranges shipments for international trade in a representative capacity. Those that are good in this profession face many challenges and risks in their daily work. They make an effort to use novel strategies to reduce these operational risks. Five categories are used to organize the challenges: Technical problems include things like antiquated software, poor stakeholder communication, and a lack of digitization in operations. Non-technical hurdles include inconsistent rules and regulations, insufficient agent cooperation, currency volatility, environmental issues, and internal problems. Customer service challenges include rising transportation costs that affect freight, a workforce shortage that affects the effectiveness of services, and delays in paperwork and operations.

The obstacles associated with customs clearance include a lack of assistance in deciphering procedures, unforeseen fees, a large amount of documents, and time limits. Coordination problems, a lack of openness, and communication barriers are all obstacles in the way of effective client management. Concerns about data protection and quality, as well as pressures from the economy, regulations, and competitors, present additional formidable obstacles. The primary objective of the study is to identify problems and provide workable remedies. As the intermediary between shippers and agencies, freight forwarders play a vital role. Their commercial success is directly impacted by their operational efficiency.

Freight forwarders contract with respective Liners - that is, airlines, shipping lines to transport the goods. Usually a forwarder does not physically move the shipment but acts as a skilled in the logistics processing. Their services are more specialized. They understand international business, they know the rules and regulations, and they simplify the act of shipping in favour of a company shipping its goods throughout the world. The transportation will be done by multiple shipping types of modes, including ships, flights, trucks, and railroads, and often use multiple modes for a single transportation. While some freight forwarders own their own cars and warehouses, the most common type is a non-asset-based freight forwarder that looks for the best supplier for each stage of the goods' journey. International freight forwarders frequently handle items from other countries, and they are skilled at handling customs paperwork

and other related operations. When needed, freight forwarders are able to handle, store, package, and distribute the products all at once. The majority of freight forwarders have well-equipped warehouses for efficient handling, sorting, packaging (including pillarization, strapping, shorten and expand wrapping, labelling, and reverse logistics), as well as for storing goods.



2. LITERATURE REVIEW

SHIH-LIANG CHAO ET AL (2023): This study uses a combination of structural equation modelling (SEM) and network data analysis to investigate how service quality affects customer loyalty in the ocean freight forwarding industry. SEM was used to build a model that measured the overall impact of service quality on the customer loyalty of ocean freight forwarders (OFFs). The results show that although this effect is seen at the individual level, the overall influence of service quality functions through the intermediary roles of trust and customer satisfaction in promoting customer loyalty. A network data envelopment analysis (NDEA) model based on SEM was presented as a solution to this issue. The findings show that in terms of service quality..

HENGBIN YIN et al (2022): This study examines the dangers of doing business internationally while emphasizing the vital role that ocean freight forwarders—whose primary line of business is import/export—play in Taiwan's economic development. Because of the consistency of their services in a market that is both highly competitive and unstable, forwarders, as essential participants in the sea transportation industry, are more vulnerable to risks. To avoid and lessen such difficulties, it is therefore essential to develop a model for assessing trade risks. This will improve competitive positioning and guarantee long-term operational viability. This study looks at the trade hazards that Taiwan's ocean freight forwarding business faces and builds an empirical model for evaluating these risks using fuzzy multi-criteria decision-making (FMCDM) algorithms.

MIHAELA GABRIELA BELU et al (2022): The purpose of the study is to demonstrate the advantages of incorporating block chain technology generally into international commercial transactions, with an emphasis on expediting customs procedures. Using block chain has various benefits when it comes to the customs clearance of products. These include accelerated customs process completion, improved risk management, and real-time verification of several product attributes (quantity, quality, and origin), which are particularly relevant in light of the difficulties global supply chains are facing in the middle of the ongoing health crisis. Adopting new technologies—block chain in particular—helps with recording events, investigating incidents, resolving disputes, guaranteeing cargo integrity, building confidence amongst concerned parties, and furthering digitization initiatives.

MB KHUDZHATOV et al (2021): The article discusses a few issues with the importation of commodities from other countries into the Russian Federation, with a focus on accurately recording the amount of goods imported. By means of analysis, it pinpoints the pragmatic problems that arise during the customs clearance process when variations occur in the declared weight of the merchandise. This disparity emphasizes how important the article's relevancy is. The author suggests an algorithm that specifies what should be done by importers in the event that there are differences in the amounts of products that are reported. It is anticipated that the practical application of this algorithm will improve the effectiveness of foreign goods customs clearance.

GALINA V BUBNOVA et al (2018): The digitalization of logistics intelligence in multimodal and intermodal transportation is examined in this article. It looks at the difficulty of coordinating multiple forms of transportation inside a digitalized framework and suggests possible ways for different modes of transportation used in international trade to

connect with market players in the transportation services sector. When choosing routes for the movement of goods and freight flows, it is advised to take into account all kinds of interaction and coordinate activities among various modes of transportation, as well as transportation and other markets.

MARZENNA CICHOSZ et al (2018): The purpose of this study is to investigate how digitization affects the logistics services industry's ability to compete. It looks at how developments in digital technology are changing the logistics industry and impacting service providers' business plans. With a theoretical framework based on Porter's Five Forces model, the research focuses on innovation and technology in logistics. The conceptual study uses a deductive methodology and gathers information from secondary sources, including relevant literature, research agency and consulting firm reports, and case studies of creative logistical solutions. The results show that the logistics sector is moving toward digital transformation as opposed to collapse. It is believed that technologies like block chain, sensors, robots, automation, cloud computing, data analytics, 3D printing, autonomous cars, artificial intelligence, and digital twins work best together.

JENS RIEDL et al (2018): Sea and air freight forwarding are about to undergo a change thanks to the impending digital revolution. Up-and-coming companies, vendors, and even customers are using digital tools to create unique and creative business strategies that have the potential to significantly improve consumer happiness and eliminate long-standing operational shortcomings. The established dominance of traditional freight forwarders may be challenged by these digital techniques.

TSUNG-YU CHOU et al (2016): An analysis of the hazards associated with global trade highlights the critical role that maritime freight forwarders—whose major business is import/export services—play in Taiwan's economic development. Forwarders are essential to the marine transportation industry, but because of the consistency of their services in a highly competitive and unstable market, they are more vulnerable to dangers.

As a result, developing a model for assessing trade risks is essential in order to stop and mitigate these risks, strengthening competitive advantage and guaranteeing operational sustainability. This study explores the trade hazards that are present in Taiwan's ocean freight forwarding sector and builds a model for objectively evaluating these risks using fuzzy multi-criteria decision-making (FMCDM) algorithms.

GIN-SHUH LIANG, KUANG LIN, SHIOU-Yu Chen (2010) The objective of this study is to examine the variables that impact customer satisfaction in logistics outsourcing, taking into account the varying viewpoints of customers regarding the standards of service offered by air cargo logistics companies. We explicate the notion of service criteria for air cargo logistics providers, conduct empirical validation, create measuring instruments with good psychometric qualities for both service criteria and customer satisfaction, and investigate the theoretical and practical ramifications. Expert feedback was gathered to construct a questionnaire with 23 items pertaining to service criteria and 22 items concentrating on satisfaction. Two academics and three executives from ACLP reviewed and made changes to the questionnaire in order to improve its validity. After that, the completed items were added to the questionnaire's design

COOPER, MARTHA C. (1990): The first section of the study looks at the key players that have influenced supply chain management and cooperative partnerships. It then explores the possible benefits and cons of entering into these kinds of agreements, as seen from the perspectives of the shipper and the service provider, which includes storage facilities and shipping firms.

These risks and benefits are emphasized, along with suggested solutions for risk mitigation, using data from an extensive survey of shippers, warehouses, and transportation organizations. The paper concludes by reflecting on open-ended questions about supply chain management that need more research and examination. These include discussions about whether businesses should use a supply chain management strategy, the best management structures to use in these kinds of initiatives, and supply chain management system modelling.

Aim:

The study's main objective is to analyse the various challenges faced by the freight forwarding sector to suggest measures to improve operational effectiveness.

Research gap:

Businesses face a variety of difficulties and variables that cause delays in the delivery of goods. Therefore, the primary objective of the research is to recognize and understand the different challenges faced by freight forwarders.

The analysis of customer service challenges, the examination of customs clearance complexity, the study of partner and client management in freight forwarding, and the provision of suitable recommendations to handle transportation concerns are among the secondary objectives.

3. METHODOLOGY

Research methodology is a structured approach employed to methodically address research inquiries. It can be viewed as the systematic study of how research is conducted, encompassing various steps typically undertaken by a researcher to investigate a problem, along with the rationale behind these steps.

In this survey, the sampling technique employed is convenient sampling. The sample size is considerable, consisting of 51 respondents for this study. Questionnaires are distributed to participants via Google Forms, and their responses are subsequently recorded for analysis.

Primary Data:

Primary data are those that have been directly gathered by the researcher for the specific purposes of the study. It is uninterested raw data that represents the positions or viewpoints of people or organizations. Since the information in primary sources is unfiltered and unaltered, they are regarded as the most reliable. Surveys are one method of directly obtaining information from people.

Secondary Data:

The firm periodicals, other books, and the internet were the sources of the information. The number of sampling units chosen for investigation from the population is referred to as the sample size. There are 51 people in the research sample. A framework is an organized approach to solving a particular issue or completing a certain task. It can be seen as an assortment of best practices, guiding concepts, and efficient techniques that support consistency and efficiency in the development process.

4. ANALYSIS AND RESULTS

Table1: Descriptive statistics of nontechnical challenges

Descriptive statistics		
NON TECHNICAL CHALLENGES	Mean	Std Deviation
Agent co-ordination which is important challenges in overseas shipment	3.98	0.707
There is any expert team for handling dispute management	3.61	1.002
Environmental issues impact the operations of freight forwarding industry	3.35	0.976
If there is a practice which is follows to manage booking space issues with carriers	3.37	1.131
uniformity of regulations which is the major issues in the international shipment	3.65	0.868

Table 1 presents the averages and standard deviations of respondents concerning their non-technical challenges. Among all the variables, the highest mean score is observed in Agent Coordination, signifying its significance in overseas shipment challenges. Specifically, this statement holds the highest mean of 3.98, with a standard deviation of 0.707.

Table 2: Descriptive statistics of technical challenges

Descriptive statistics		
TECHNICAL CHALLENGES	Mean	Std Deviation
Feel that documentation and paperwork present obstacles for freight forwarders	3.73	0.896
There is changes in rules and compliance can be complex in freight forwarders	3.75	0.868
Implementing process metrics leads the efficiency of the work flow	3.71	0.965
The challenges of technology implementation affect the business	3.22	1.083
Fluctuation of exchange rate which affect the shipment	3.39	0.981

Table 2 showcases the averages and standard deviations of respondents concerning their technical challenges. Among all the variables, the highest mean score is observed in the complexity of changes in rules and compliance for freight forwarders, with a mean of 3.75 and a standard deviation of 0.868.

Table 3: Descriptive statistics of customer service challenges

Descriptive statistics		
Customer service challenges	Mean	Std Deviation
Rising transportation costs pose a significant challenge for freight forwarders in providing customer service	3.57	0.900
Is poor stakeholder communication considered a common challenge of maintaining customer satisfaction	3.47	0.946
The threat of cyber-attacks presents a significant risk to the customer service operations.	3.43	0.922
Is automation as a viable solution to enhancing a good customer relationship	3.43	1.044
The labour shortages a major obstacles for meeting customer demands effectively	3.67	0.909

Table 3 summarizes the average values and variability of respondents' experiences with customer service challenges. Among these challenges, labour shortages emerge as a significant obstacle to meeting customer demands efficiently, with a mean score of 3.67 and a standard deviation of 0.909.

Table 4: Descriptive statistics of customs clearance challenges

Descriptive statistics		
Customs clearance challenges	Mean	Std Deviation
there sufficient support available for navigating customs regulations and procedures	3.63	0.894
Customs clearance timelines are consistently met without significant delay	3.47	1.007
Unexpected additional fees or charges during customs clearance are rare	3.33	0.931
Uniformity of procedures make difficulty in the operation	3.29	0.986
Handling extensive documentation is the important challenges in customs clearance process.	3.35	1.036

Table 4 presents the typical values and variability in respondents' encounters with customs clearance difficulties. Notably, among the various factors analysed, the average suggests a substantial level of assistance in dealing with customs rules and processes, scoring an average of 3.63 with a standard deviation of 0.894.

Table 5: Descriptive statistics of client management

Descriptive statistics		
Client management challenges	Mean	Std Deviation
Establishing annual contracts or MOU is essential for the business	3.69	0.836
credit period facility influences the client's interest	3.37	0.999
There is any tactical practice use to manage vender relationship	3.31	1.010
There is any complexities to equitable to treat all customers	3.55	0.808
challenges related to follow up key performance indicators with customers	3.61	0.723

Table 5 displays the mean values and deviations in respondents' encounters with customs clearance obstacles. Particularly noteworthy is the strong emphasis on the necessity of establishing yearly contracts or Memorandums of Understanding (MOUs) for business operations among all the factors examined, with an average score of 3.69 and a standard deviation of 0.836.

Table 6 : Correlation Analysis

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

H₁, There is a significant relationship between non technical challenges, technical challenges, customer service challenges, customs clearance challenges and client management challenges

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

Table 6 explores the correlation analysis presented in Table relationship between various challenges of between non technical challenges ,technical challenges ,customer service challenges , customs clearance challenges and client management challenges This table seems to represent correlations between different types of challenges, likely in a business or organizational context. Here's how you can interpret it:

1. Non-technical challenges: There's a strong positive correlation (0.464) with itself, which is expected as it's compared to itself. Moderate positive correlations with other non-technical challenges: 0.322, 0.341, and 0.228. This suggests that these challenges may be somewhat related or tend to occur together to some extent.
2. Technical challenges: Strongest correlation with itself, as indicated by 1. Positive correlations with non-technical challenges: 0.418, 0.348, and 0.174. This indicates some level of association between technical and non-technical challenges, though not as strong as within the non-technical category.
3. Customer service challenges: Strongest correlation with itself. Strong positive correlations with non-technical challenges: 0.519 and 0.449. This suggests that customer service challenges often coincide with non-technical challenges.
4. Customs clearance challenges: Strongest correlation with itself. Moderate positive correlation with non-technical challenges: 0.430. This implies that customs clearance challenges may also be related to non-technical challenges to some degree.
5. Client management challenges: Strongest correlation with itself .No other correlations listed, indicating that there are no correlations specifically noted with other types of challenges in this dataset. Overall, this data suggests that there are associations between different types of challenges within the organization. For example, customer service challenges often coincide with non-technical challenges, and technical challenges may also be related to non-technical challenges, albeit to a lesser extent. This understanding could help in devising strategies to address multiple challenges simultaneously or identifying root causes that contribute to various challenge

5. FINDINGS OF THE STUDY

- The examination illuminates the averages and standard deviations of respondents regarding their non-technical challenges. Among all the factors, the most notable mean score pertains to Agent coordination, which stands out as a crucial challenge in international shipping. This aspect holds the highest mean score of 3.98, accompanied by a standard deviation of 0.707.
- The analysis underscores the averages and standard deviations of respondents concerning their technical challenges. Among all the factors considered, the most significant mean score is attributed to the complexity of changes in rules and compliance for freight forwarders, with a mean of 3.75 and a standard deviation of 0.868.

- The analysis emphasizes the averages and standard deviations of respondents regarding customer service challenges. Among all the variables examined, labour shortages emerge as a significant obstacle to effectively meeting customer demands, with a mean of 3.67 and a standard deviation of 0.909.
- The analysis reveals the averages and standard deviations of respondents regarding customs clearance challenges. Notably, among all the variables examined, there is a notable level of support available for navigating customs regulations and procedures, with a mean score of 3.63 and a standard deviation of 0.894.
- This analysis emphasizes the averages and standard deviations of respondents regarding customs clearance challenges. Notably, among all the variables considered, establishing annual contracts or Memorandums of Understanding (MOUs) is deemed essential for business operations, with a mean score of 3.69 and a standard deviation of 0.836.
- The correlation analysis presented relationship between various challenges of between non technical challenges ,technical challenges ,customer service challenges , customs clearance challenges and client management challenges. Non-technical challenges: There's a strong positive correlation (0.464), Technical challenges: Positive correlations with non-technical challenges: 0.418, 0.348, and 0.174. Customer service challenges: Strong positive correlations with non-technical challenges: 0.519 and 0.449 and Client management challenges: indicating that there are no correlations specifically noted with other types of challenges in this dataset.

6. DISCUSSIONS

Among the many operational difficulties faced by freight forwarders are environmental concerns, volatile fuel prices, inaccurate documentation, capacity constraints, and problems with transparency, erratic demand, and poor client communication. Freight forwarders need to adjust in order to overcome these challenges. They need to incorporate technology-driven solutions, hone their networks, use data analytics, adopt collaborative strategies, set up efficient document management systems, stay current on customs laws, provide advice on packaging and labelling, use transportation management software, enhance client communication, put in place strong inventory and storage management procedures, make sure security measures are in place, and optimize operational procedures.

By taking proactive measures to address these issues and implementing effective solutions, freight forwarders can effectively navigate the intricate workings of the business, guarantee seamless shipments, satisfy customer demands, and prosper in the highly competitive world of logistics and freight transportation.

In their daily operations, freight forwarders face a variety of challenges, including adhering to regulations, digitalizing and automating processes, forming alliances and cooperative efforts, being sustainable, and putting customer pleasure first. Through the integration of digital solutions, partnerships with other logistics firms, and a focus on sustainability and customer-centric practices, freight forwarders can effectively address these challenges and augment their competitiveness and growth potential.

7. CONCLUSION

In their daily work, freight forwarders deal with a variety of issues, such as fluctuating fuel prices, environmental concerns, documentation problems, capacity constraints, lack of transparency, erratic demand, and communication breakdowns with clients. Freight forwarders must adjust in order to successfully overcome these challenges.

They must embrace technology-driven solutions, hone their networks, make use of data analytics, promote cooperation, set up efficient document management systems, remain current with customs laws, provide advice on packaging and labelling, use transportation management tools, enhance client communication, put in place effective inventory and storage management systems, guarantee security, and optimize operational procedures. Freight forwarders may successfully negotiate the intricacies of the market, guarantee seamless shipments, satisfy client expectations, and succeed in the field of freight transport and logistics by proactively addressing these issues and putting efficient solutions in place.

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