**NAVIGATING THE HURDLES ADDRESSING CHALLENGES FACED BY FREIGHT FORWARDERS**

**\*Ramanan C \*\* Dr.B.Veeramani\***

**\* Ramanan C, MBA Shipping and logistics management, Vels Institute of Science and Technology and Advanced Studies (VISTAS), Pallavaram, Chennai,** [**ramanan17001@gmail.com**](mailto:ramanan17001@gmail.com)

**\*Corresponding Author: Dr.B.Veeramani, Associate Professor, School Management studies, Vels Institute of Science and Technology and Advanced Studies (VISTAS), Pallavaram, Chennai,** [**veeramani.sms@velsuniv.ac.in**](mailto:veeramani.sms@velsuniv.ac.in)

**I.Abstract:**

This research investigates the issues confronting freight forwarders in the logistics industry, such as regulatory compliance, technical improvements, and market fluctuations. It examines the influence on operational efficiency and profitability. To address these difficulties, the report suggests new solutions such as enhanced technologies, efficient processes, and strategic alliances. The goal is to prepare freight forwarders to negotiate the industry's intricacies and achieve long-term growth in a rapidly changing global environment. The findings provide actionable insights and practical recommendations.

**II.Introduction**

Logistics, derived from the Greek word logos, is a branch of military science that deals with procuring, maintaining, and transporting material, personnel, and facilities. It has evolved from military officers overseeing financial and supply distribution matters in ancient Greek, Roman, and Byzantine empires. Today, logistics is often viewed as a branch of engineering that designs "people systems" rather than "machine systems."  
  
Freight forwarding, one of the earliest recorded freight forwarders, was established in London in 1836. It was later acquired by Rockwood International Freight Inc. in 1989 and Delmar International in 1990.

In the 19th century, reliable rail transport and steamships created demand for freight forwarding, with innkeepers in London acting as the first international freight forwarders.  
  
In modern times, freight forwarders arrange transportation, handle documentation for international shipments, consolidate cargo, offer warehousing and distribution services, arrange insurance, and handle customs clearance procedures. They act either as carriers or agents for their customers, sometimes fulfilling both roles in a single transaction.  
  
The nature of work for freight forwarders involves researching and planning the best routes and transportation methods for shipping goods, considering factors like the type of merchandise, transportation costs, travel time, and ensuring the security of goods during transit. They also arrange appropriate packaging materials, ensure compliance with customs regulations, and manage documentation for international shipments.  
  
The freight forwarding industry faces challenges such as fluctuating fuel prices, competition, changing customer demands, supply chain disruptions, environmental regulations, and security threats. The International Chamber of Commerce (ICC) periodically revises INCOTERMS, the international commercial terms that define obligations, costs, and risks involved in the delivery of goods in international contracts, to better reflect contemporary trade practices.  
  
International freight forwarders can be categorized as IATA agents, international air freight forwarders, international ocean freight forwarders, and international ocean freight consolidators, each offering distinct services tailored to exporters' needs.

**III.INDUSTRY PROFILE**

The shipping sector is a vital part of both domestic and global trade, facilitating the movement of goods and products. It operates through four major modes: marine, air, rail, and freight (trucking). The industry is projected to grow from $700 billion to $1.3 trillion by 2020, driven by the increasing demand for global trade. Around 90% of world trade is conducted through international shipping, highlighting its crucial role in facilitating global trade. India, with its extensive coastline and strategic location on international shipping routes, is a significant player in the industry. The logistics sector has also evolved significantly, transitioning from a military-focused domain to a commercial competitiveness component. It aims to streamline processes, reduce inventory, optimize freight costs, ensure timely delivery, minimize product damage, and enhance customer responsiveness. The industry continues to drive economic growth and facilitate global commerce.

**IV.COMPANY PROFILE**

Progressives Freight Pvt Ltd. is a logistics company that provides a range of services, including freight forwarding, customs clearance, and multi-modal transportation solutions. The company aims to become a globally renowned logistics company with a robust network of agents and a loyal customer base. Progressives Freight's mission is to provide excellent value-added services, set industry benchmarks for quality, integrity, and consistency, and build strong relationships with agents and customers.  
  
Progressives Freight serves as experienced custom house clearing agents across various ports in India, handling customs clearance formalities efficiently. They maintain a deep understanding of customs regulations and offer competitive pricing and transparent services. They also facilitate the seamless movement of goods nationally and internationally, covering air, sea, and road freight, handling packaging, documentation, and customs clearance. They also offer insurance services to protect goods during transit.

Progressives Freight's multi-modal transportation services leverage their expertise and extensive network to ensure on-time and cost-effective cargo deliveries. They utilize advanced tools and technology to monitor, measure, and manage metrics, ensuring efficient operations and service delivery.

**V. OBJECTIVE OF THE STUDY**

**PRIMARY OBJECTIVE:**

Navigating the hurdles addressing challenges faced by freight forwarders with special reference to progressive freight Logistics private limited in Chennai

**SECONDARY OBJECTIVE:**

* To know the various problem in association with freight forwarder
* To Analyze the problems faced by freight forwarders from the carriers.
* To assess the problems faced by freight forwarders from the companies and individual customers.
* To know the satisfaction level with the customs clearance and terms and conditions imposed on the freight forwarders by the carriers.
* To suggest solutions to reduce the problems faced by the freight forwarders.

**VI.NEED OF THE STUDY:**

Freight forwarders face challenges such as customs clearance delays, inefficient communication, cargo damage, capacity constraints, booking issues, multimodal transportation complexity, data management, environmental sustainability, security compliance, customer service challenges, and supply chain resilience studies. These issues can lead to increased costs, customer dissatisfaction, and increased costs. To mitigate these issues, freight forwarders must explore eco-friendly practices, implement robust security protocols, and enhance customer service to meet evolving expectations.

**VII. SCOPE OF THE STUDY**

* This study is helpful to company to identify the bottleneck/s within the freight-forwarders
* This study is helpful to company to identify the better way for the Freight Forwarders to accomplish the This study focus on understanding the problems of the freight forwarders
* This study is helpful to collect data, analyze trends, and develop actionable insights to improve operational efficiency and performance.
* This study would investigate challenges such as delays in customs clearance processes, inefficiencies in communication channels between stakeholders, cargo damage and loss during transportation
* By examining these challenges, the study aims to identify root causes, analyze their impact on freight forwarding operations, and propose practical solutions and recommendations for improvement.

**VIII.STATEMENT OF THE PROBLEM:**

Although they face many difficulties, freight forwarders are essential to the ease of international trade. The regulatory environment's complexity is one major issue. Freight forwarders face a maze of compliance challenges due to the different legislation in different countries governing customs, tariffs, and documentation requirements. This can result in delays, fines, and higher operational costs. The fact that documentation formats and procedures are not standardized adds to the complexity of the situation by forcing freight forwarders to modify their methods for every shipment.

The erratic nature of transportation capacity and costs is another major problem. Delivering correct pricing to clients while staying profitable can be difficult for freight forwarders due to fluctuating fuel prices, carrier rates, and erratic demand. Furthermore, constrained capacity during periods of high demand or disturbances such as natural calamities or labor disputes. With varying regulations across countries regarding customs, tariffs, and documentation requirements, freight forwarders must navigate a labyrinth of compliance issues, leading to delays, fines, and increased operational costs.

**IX.REVIEW OF LITERATURE**

**Benjamin Ertel and Mike Jones' 2007** study on Performance Based Logistics (PBL) aimed to identify key elements for successful integration in logistics, including competitive advantage, empowering support providers, and aligning supplier incentives with regulations[1]. **Sebastian's 2008** study highlighted the challenges faced by India's logistics industry and the need for enhanced planning and skill development among professionals. **Dhanabakyam and Parimala's 2006** study highlighted the role of Freight Forwarders and Customs House Agents in international trade activities, emphasizing the need for service providers to adapt to the evolving global landscape. **Davis's 2006** study explored the role of logistics service in driving customer loyalty, while **Mohitayalamanchi's 2009** study focused on creating customer value through logistics management. **Berrada A. Chakir and Ciro Aida's 2009** study identified bottlenecks in West-coast Africa's freight forwarding sector, revealing factors beyond the control of Freight Forwarders, such as infrastructure limitations.

**X.RESEARCH METHODOLOGY**

This study uses a descriptive research design to explore the characteristics of individuals, situations, or groups in the freight forwarding industry. The research design includes surveys and fact-finding inquiries to accurately depict the current state of affairs. The sample design includes respondents from Progressives Freight Pvt Ltd in Chennai, with a sample size of 42. Data collection methods include primary and secondary sources, with primary data gathered through structured questionnaires and secondary data from magazines, journals, books, and websites.  
  
The questionnaire design covers six parts, covering personal details of employees and their perceptions of various issues related to freight forwarding. Hypotheses are formulated to explore relationships between different variables, and several hypotheses are presented to investigate various aspects of the research problem. Statistical tools used for data analysis include percentage analysis, chi-square analysis, correlation analysis, and weighted average calculation. SPSS (Statistical Package for the Social Sciences) is used as the primary statistical tool for data analysis, offering features for descriptive statistics, inferential statistics, and data visualization.

Analytical tools such as Microsoft Excel and chart diagrams are also utilized for data interpretation.  
  
However, the study acknowledges limitations, including potential biases in employee opinions, respondents' reluctance to disclose information due to management fears, and the need for caution when generalizing results to other contexts. Additionally, challenges related to sample collection due to the relatively small size of logistics and shipping companies are highlighted.

**XI.DATA ANALYSIS AND INTERPRETATION**

**Table No 1 Freight forwarders experience challenges in adapting to carriers' technological platforms and systems for booking and tracking shipments**

|  |  |  |
| --- | --- | --- |
| **FACTORS** | **NO OF RESPONSE** | **PERCENTAGE** |
| Agree | 13 | 31% |
| Strongly agree | 19 | 45% |
| Neutral | 10 | 29% |
| Disagree | 0 | 0 |
| Strongly disagree | 0 | 0 |
| Total | **42** | **100%** |

**Chart No 1 Freight forwarders experience challenges in adapting to carriers' technological platforms and systems for booking and tracking shipments**

**INTERPRETATION**

From the above table chart inferred that 45% of the respondents strongly agree and 0% of the respondents disagree with adapting to carriers’ technological platforms.

**Table No 2 Freight forwarders face challenges in negotiating favorable contract terms with carriers due to the carriers' market dominance**

|  |  |  |
| --- | --- | --- |
| **FACTORS** | **NO OF RESPONSE** | **PERCENTAGE** |
| Agree | 9 | 21% |
| Strongly agree | 21 | 50% |
| Neutral | 8 | 19% |
| Disagree | 4 | 10% |
| Strongly disagree | 0 | 0 |
| Total | **42** | **100%** |

**Chart No 2 Freight forwarders face challenges in negotiating favorable contract terms with carriers due to the carriers' market dominance**

**INTERPRETATION**

From the above table chart inferred that 50 % of the respondents strongly agree and 10% of the respondents strongly disagree to negotiating favorable contracts terms.

Table No 3 Carriers often prioritize their direct relationships with shippers over partnerships with freight forwarders

|  |  |  |
| --- | --- | --- |
| **FACTORS** | **NO OF RESPONSE** | **PERCENTAGE** |
| Agree | 14 | 33% |
| Strongly agree | 13 | 31% |
| Neutral | 10 | 24% |
| Disagree | 3 | 7% |
| Strongly disagree | 2 | 5% |
| Total | **48** | **100%** |

**Chart No 3 Carriers often prioritize their direct relationships with shippers over partnerships with freight forwarders**

**INTERPRETATION**

From the above table, chart inferred that 31% of the respondents agree and 5% of the respondents strongly disagree to direct relationships with a shipper.

**XII.FINDINGS OF THE STUDY**

**FINDINGS**

1. 42% of the respondents to agree for use technological platforms for booking and tracking and 23%of them neutral
2. 50%of them respondents for agree to negotiating favorable contract and 10%of them disagree
3. 33%of them respondents for strongly agree to direct relationship with shipper and 7.1% of them disagree

**CHI SQUARE**

- Test statistics values surpass 0.5; null hypothesis remains unchallenged. Hence, insufficient evidence to suggest a notable correlation between tracking shipment and market dominance.

- Values surpassing 0.5; null hypothesis remains unaltered. Insufficient evidence to deduce a significant association between shipper over partnership and obtaining timely results.

- Test statistics values exceed 0.5; null hypothesis persists. Thus, inadequate evidence to infer a significant correlation between tracking and fees presented.

**WEIGHTED AVERAGE**

• The findings indicate a clear inclination among members towards establishing direct connections with shippers as opposed to forming alliances with freight forwarders.

• The outcomes suggest a consensus among members regarding the importance of providing adequate notice for any changes to the terms and conditions. Most respondents seem to support this requirement, reflected by the average agreement score of 3.5.

**CORRELATION TEST**

- Suggests absence of a notable correlation between respondents' readiness to adjust their product offerings and marketing approaches and their recognition of competitive advantages in their animal feed product.

- Based on the gathered data, there's inadequate proof to assert a significant link between these variables within the studied population.

**XIII.SUGGESTIONS**

- Enhanced modifications in freight rates could effectively attract more business, particularly since the study reveals widespread customer dissatisfaction with current rates, necessitating proactive measures by the organization.

- Progressive’s Freight Private Limited can streamline its documentation process by transitioning to a fully computerized system.

- Although shipping is a prevalent mode of transport, the study identifies existing issues, prompting the company to take appropriate measures to enhance transportation efficiency.

- Providing comprehensive assurances for product security against theft and damage can significantly elevate the company's reputation.

- Implementation of round-the-clock customer care services can bolster customer satisfaction and retention.

- Utilizing top-tier social media and digital marketing tools can facilitate market expansion and better meet customer demands.

**XIV.CONCLUSION**

The study explores the challenges faced by freight forwarders and the strategies they use to prevent them and ensure smooth business operations. It highlights the evolution of service providers like freight in the globalized world, emphasizing the need for forwarders to expand their global network and improve their pledge accuracy. The logistics industry has adopted new tools and methods, such as strategic partnerships, supply chain management, and customer service, to create value for customers. However, the activity of a freight forwarder depends on factors beyond their control, such as access to shared services by all providers. The study concludes that infrastructure is a major bottleneck in the freight forwarding sector.