



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM**

**ASSESSMENT OF FREIGHT FORWARDING PRACTICE AND
CHALLENGES**

**IN THE CASE OF SOME SELECTED LOGISTICS COMPANIES
IN ETHIOPIA**

BY: ELIAS TSEGAYE DUGDA

JUNE, 2020

ADDIS ABABA, ETHIOPIA

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ADDIS ABABA ETHIOPIA

**ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS**

RESERCH TITILE:

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List of Acronym

FF	Freight forwarding
EFFSAA	Ethiopia Freight Forwarders Association
NVOCC	non-vessel operating common carrier
LPI	The logistics performance index
TPL	Third Party Logistics

Abstract

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. Freight forwarders performance is about how efficiently supply chains connect firms to domestic and international opportunities. The main objective of this study is assessing freight forwarding practices and challenges for the selected three freight forwarding companies operated in Ethiopia to uphold functions, economic role and services provide by freight forwarder and predict future market in context of the market demand.

The study used descriptive research design and used mixed approach of both quantitative and qualitative data method. The data instruments of this study have incorporated both primary and secondary source of data. The target population for this study is mainly involved in freight forwarding operation department for the selected freight forwarding companies in Ethiopia and the study used all the total population of the study with a total of 60 respondents was selected. Out of 60 total populations all 60 valid responses were collected and analyzed. The research used statistical package for the social sciences (SPSS) for the data analysis and get the required analysis results for study. This paper also presents the results by using descriptive statistics such as mean, standard deviation, tables and other related statistical data presentation techniques. The major finding of the study indicates that, there are challenges such as long transit times, poor quality of logistics procedures/service and incurring unnecessary cost by the selected freight forwarders. To conclude this study, these companies should work internally to enhance use of advanced technologies, arrange training for their staff to progress logistics skill & staff their operation with committed and aggressive follow-up, and then they should work the concerned government organization giving feedback to make improvement like infrastructure problem area and hindering government rules/procedures.

Key Word: Freight Forwarder, Practice, challenges, and Ethiopia.

CHAPTER ONE

INTRODUCTION

The main purpose of this chapter is presenting an overview of the research, a background of the study, research problem, research questions, research objectives and significance of the study, limitations of the study and definition of terms and brief summary of the structure.

1.1 Background of the study

A few definitions are available in the literature and among various professional associations; a freight forwarder is an entity that acts as an intermediary between the actual shipper or importer and the carrier. In broad sense, a freight forwarder or forwarding agent, also called as a NVOCC, is an individual or a company that aids to arrange shipments for individuals or corporations to get cargoes or goods from the producer or manufacturer to a customer or customers, a market, or final point of distribution for end users. Forwarders contract with a carrier or often multiple carriers to move the goods. Generally, its role can be compared as follows: Shipper/Importer, Freight Forwarder & Airline/Ship Operator. In addition, freight forwarder provides other logistics and legal services for shipper as value added service, nowadays it books Freight, prepares documentation, arranges Warehousing and aids to Custom Clearance on behalf of shippers and importer & Freight forwarders, (*SM Abu Nayem Sarker, Tayuan University of Technology,2019*).

Freight forwarding entails the logistical arrangement of intermodal transport of commodities across international borders, on behalf of shippers. Duties include freight rate negotiating, container tracking, strategizing, and much more.

Freight forwarders perform all duties necessary for the intermodal transport of commodities across international borders, On behalf of shippers. Shipper often outsource supply chain coordination to freight forwarders. In short, freight forwarders arrange the importing and exporting of goods, but do not actually move goods themselves.

➤ Architects of transport

The freight forwarding industry is represented by the International Federation of Freight Forwarders Associations (FIATA), a non-governmental organization serving approximately 40,000 freight forwarding and logistics firms that collectively employ 8 to 10 million people within 150 countries. FIATA endearingly (and accurately) refers to its member forwarding and logistics firms as “architects of transport.”

➤ Customs brokerage expert

Seamless importing and exporting of goods across international borders require refined industry know-how. International forwarders possess the necessary expertise to prepare and process customs documents. Forwarders typically are tasked with reviewing the following:

- Commercial Invoices
- Shipper's Export Declarations
- Bills of Lading
- All Other Documents Required by the Carrier or Exporting/Importing Countries.

➤ Agile Planner

International trade almost always mandates more than one mode of transportation to move a given parcel from its originating country to its destination. This may comprise a combination of road, rail, sea, and/or air, all within a single supply chain. Forwarders book cargo space for shipments through each stretch of the journey and coordinate all intermodal requirements on behalf of the shipper.

➤ Tactful negotiator

Forwarders know the value of a good carrier and work hard to nurture mutually beneficial relationships with preferred steamship lines. With or without healthy working carrier relationships, savvy forwarders will still open their business to bids from various carriers, to ensure competitive freight rates for their shipments. (*Cafworldwid 2020*).

1.2 Background of the Organization

The study considers only three pioneer forwarders in Ethiopia that can provide potential input to the study and variety of forwarding activities currently these companies involved that can be measurable as forwarding agent.

Freighters International PLC

Freighters International PLC is the trading name of Transport Support Service Company situated in Ethiopia. Freighters was established in 1990 as a transport company based in Addis Ababa and since then has expanded its activities to surface freight forwarding, warehousing, trucking and clearing operation all over Ethiopia.

A comprehensive range of freighting services for Land, air and sea cargo movements with customs clearance available throughout the network and exit/entry points.

Freighters is the agent for Maersk and Safmarine container shipping line of A.P Moller-Maersk group and this group is the biggest container line in shipping with a worldwide network of services.

Freighters is JV with globally known three freight forwarding companies namely STEDER group Rotterdam Netherlands based freight forwarding company operated throughout the world and the 2nd one is HANKYU HANSHIN EXPRESSH headquartered at Tokyo/Japan a freight forwarding company operated all over the world having different form of strategic cooperation with other freight forwarders, the 3rd one is Air Tiger china's influential freight forwarding company based in Shanghai.

MACCFA freight logistics Plc

MACCFA freight logistics Plc is a freight forwarding company that began operating in 1994 and its part of the family owned MACCFA group of company. The 20 years old company is partnered with CMA-CGM, the 3rd largest container shipping company in the world, DB Schenker, the second largest freight forwarding in the world and CEVA logistics solution globally well-known and one and foremost logistics company.

With the three partnered companies MACCFA provide freight forwarding services including, all air, ocean export and import, warehousing and distribution, import break bulk, customs clearance, domestic air/ground transportation services and other value-added services.

C.L.S logistics services Plc.

C.L.S logistics service Plc is a freight forwarding company located in A/Ababa, Ethiopia, it's one of the biggest freights forwarding companies in Ethiopia. The company is manly working in freight forwarding business sectors together with Bollore logistics which is globally well-known France based Logistics Company. CLS logistics founded on 1990 by company CEO Mr. Tewdros Abreham as a family business aiming to share Ethiopian freight forwarding market.

C.L.S logistics services Plc Exclusive agency agreement with Bollore Logistics as sector is closed for foreign investments. This set up will change in the next few months as Bollore Logistics has signed a joint venture with its long-term partner.

1.3 Statement of the problem

This section will briefly highlight the problem statement to provide the foundations of the study and serve as a framework for the following stages during this research. The focus of the study is placed on the Freight Forwarding sector in selected companies in Ethiopia, and the bottlenecks currently active within this sector. As we know Ethiopia is a land locked country located in east Africa bordering the Sudan, South Sudan, Eritria, Djibouti, Somalia, and Kenya. And the increasing a country's overall Export/Import trade capability is demanding efficient and effective freight forwarding Platform with sufficient capable FF companies to attract foreign direct investment. Logistics practice in Ethiopia is characterized by its underdeveloped state and specific issue have observed in the area that inspire me such as lack of skilled logistician, inadequate use of technology, lack of infrastructure(Such as IT, road electricity & airports) & using third party country port are common problem for undesirable effects, *such as long transit times, poor quality of logistics procedures/service and incurring unnecessary cost*. When such problems pose complex risks, divert the intended desire of clients, and adversely affect the freight forwarder performance on competencies. For successful performing of freight forwarding functions, it needs to be carefully examined, addressed and managed the stakeholder's integration regularly & aggressively.

Therefore, the study focused on assessing the major problems influencing the selected freight forwarders performance on their regular operational endeavors. However, freight forwarding is one of the fundamental economic activities of the country in the international trade and affected by different factors, it does not attract the researcher attention. Although, a number of researches have been carried out internationally on factors influencing freight forwarding mode and carrier selection, there are limited studies in Ethiopia case and even non respecting a particularly freight forwarding company. Out of this the first paper selected to be as an input BOTTLENECKS IN THE FREIGHT FORWARDING SECTOR IN WEST-COAST AFRICA (Jonkoping International Bussines School Jonkoping Univesity. -*Master Thesis within International Logistics and Supply Chain Management Author: Chakir A. Berrada 2009*), A STUDY ON THE PROBLEMS RELATED TO FREIGHT FORWARDERS IN THE CHENNAI SECTOR (*EPRA International Journal of Economic and Business Review by Dr.J.Rengamani 2013*), Logistics Practices in Ethiopia(*Institution for energy och teknik Department of Energy and technology by Fekadu M. Debela 2013*) & Ethiopia National Logistics Strategy(*UNDP Ethiopia/2017*) . Therefore, this

inspired the researcher to conduct a study on this topic to fill the research gaps by addressing the following research questions.

1.4 Research Questions

Having the scope in mind about the assessment of challenges in freight forwarding practices, this paper tries to answer these specific questions.

In this research the researcher found the answer for the following research questions.

- What are the *major problems that affect freight forwarders performance?*
- How freight forwarders performances affect *customer satisfaction by delivering the goods due time at desired level?*
- How *efficient is the current practice* in freight forwarding activities to provide required services?
- *How does freight forwarding performance affect the company to incur unnecessary cost?*

1.5 Objective of the study

1.5.1 General Objective of the study

The main objective of this study is to assess freight forwarding practice and challenges in the case of some selected logistics companies in Ethiopia.

1.5.2 Specific Objectives

The research targets to achieve the following specific objectives

- To identify the key challenges that affects forwarders performance to provide required level of services.
- To show the major problems on current forwarding activities in Ethiopia over forwarding sector and its effect on the performance of the industry on delivering the goods due time at desired level.
- To identify factors that affect financial practice and cost management in Ethiopia forwarding sector.

1.6 Significance of the Study

This study would have significant, because it will give highlights the practices and show freight forwarding challenges that affect logistics activities in Ethiopia, and also will give significance to managers and freight forwarding industry player who are involved in decision making processes of

logistics operation mode; by providing relevant information about the factors that affect the decision making processes. Management of the selected freight forwarders would also appreciate the factors influencing the decision making on freight forwarding processes. Through the findings of this study, they can see the challenges of freight forwarding activities on the overall logistics operational efficiency of their organization. It would possible for management to know the areas within their freight forwarding functions that will require improvement for the advancement of the overall organization. This Study would have a great importance not only for the organization under study but for the country at large to contributing its show for the body of knowledge in the area, and also, the study could serve as a source of information for other researchers who are interested in the area of freight forwarding.

1.7 Scope of the Study

The research conducted in the selected three freight forwarding companies located in Addis Ababa Ethiopia, to make the study accessible and manageable enough. The Study includes the permanent employees of companies and their partner companies' staff outside Ethiopia, among those employees directly working on operation management, transportation management and air cargo sales was the target population of the study.

1.8 Limitations of the study

The study is limited to the three freight forwarding companies only. The conclusion that is drawn at the end of the study is limited to the information obtained by the selected freight forwarding companies. Another limitation is that the freight forwarders performance might be affected not only by the country logistics procedures, but also by various other variables not considered in this study. Freight forwarding needs to be integrated with other functional areas of the stakes such as Customs authority, partners companies outside the country, or operations to better support industry performance. In addition, due to time constraints the other factors which are part of the freight forwarding not included in the research.

1.9 Organization of the study

The study is divided in to five main chapters. The first chapter deals with the introductory aspect of the study whilst the second chapter is devoted to the reviewing of relevant literatures. The third chapter is attempts on a presentation of the methods used in the study. The two-remaining chapter-four and five highlight data presentation and analysis, and discussion of finding and recommendations, respectively.

CHAPTER TWO

RELATED LITERATURE REVIEW

2.1. Introduction

The literature of the study covers an explanation about the basic concepts which provide definition for freight forwarding and the recent trend in freight forwarding. The review also discusses about the general practices of freight forwarding challenges in different countries freight forwarders. The theoretical and empirical literatures are presented, and conceptual framework of the study included in the chapter. Although, in the review of empirical studies, it was difficult to get many literatures that can be used for the study, the basic findings from some related studies are included.

2.2. Theoretical literature review

2.2.1 Definition of freight forwarding

A freight forwarder, forwarder, or forwarding agent, also known as a NVOCC, is a person or company that organizes shipments from the manufacturer or producer to market, customer or final point of distribution. (*Random House Unabridged Dictionary (1997). Random House, Inc., on Info, please. Retrieved 21 December 2012*)

Freight forwarders specialized companies with a lot of experience in the shipping business. These companies manage many different cargos from its customers and have control over the whole shipping process to make sure the shipments arrive safely and timely. In order to provide such a wide range of services they have to develop a reliable network of carrier, insurers, customs agents and advisers to have the ability to deal with all the expected and unexpected issues that can emerge during the transportation process.

In some cases, these forwarders are also experienced in procurement, which means they can also manage purchases on its client's behalf. Nevertheless, they can be hired for specific purposes, depending on what the client needs. The forwarding service can be either domestic or international. International shipments are more complex and require certain expertise level to deal with different customs procedures. <https://www.myaccountingcourse.com/accounting-dictionary/freight-forwarding>

2.2.2 Types of freight forwarders

Freight forwarders can be divided into two major types, according to the level of expertise and range of services that they offer to their customers. Daley classified them as international freight forwarders that offer multiple intermediary services and those which do not. The first one may be interpreted as the one stop shop approach: The holistic strategy, known as “one –stop shopping” concept is used to refer to total service capability by a Single Third Party Logistics (TPL) provider, including all operations for outsourcing, responsibility, and associated administrative work. “It’s theorized that the one-stop shopping concept cannot be a success unless the service providers are meeting the expectations of their customer” (Semeijn and Vellenga, 1995:27). Mahoney describes one-stop shopping as: “The TPL provider that promises to become a supermarket, where the shipper will be able to satisfy all needs with “one-stop shopping”. The shipper’s shopping list will be fulfilled with simplified document from origin to destination and the shipper will receive an audited computerized printout, just like the housewife at check point counter” (Se-meijn and Vellega, 1995:27). Such package solutions offered by a single logistics service provider, can alternatively be offered by several, according to their specific services. The second type offers only one line of service often consisting of the basic range of activities that classify them as freight forwarders.

2.2.3 Functions of freight forwarders

The functions of a freight forwarder can differ depending onto the type, size and nature of the relationship with its partners. Murphy, Daley and Dalenberg (1992) listed a few functions that freight forwarders fulfill:

- Quoting sea freight shipping rates.
- Obtaining necessary vessel space.
- Preparing commercial invoices.
- Obtaining export licenses.
- Issuing export declarations for the shipper.
- Preparing certificate of origin.
- Obtaining and preparing consular invoices.
- Compiling ocean bills of lading.
- Compiling air waybills.
- Obtaining insurance.

- Paying freight charges.
- Presenting documents to the bank.
- Obtaining port warehouse space.
- Tracing and expediting shipments.
- Collecting and submitting money for shipments.
- Advising shipper as to selection of terms of sale.
- Acting as general consultant on export matters.
- Provide for transport from exporter to destination.
- Legal counseling.
- Export packaging.
- Shipment consolidation.
- Make routing recommendations.
- Break bulk.

(Murphy, Daley and Dalenberg, 1992)

2.2.4 Standards and connectivity: Important aspect within freight forwarders

When involved in an international trade discourse, with supply chains that transcend distances across any given two continents, one must address a critical aspect that keeps the two links of a supply chain bonded: connectivity. In a focal firm –Third party logistics provider scenario, where operations take place in different geographic locations, the integrations of the whole network are dependent and conditioned by all the actor involved. “Since supply chains are inter organizational , there is a need for coordination of actors and connectivity of system; but since firms do not participate in a single supply chain, they do not want total integration in just the one”(Fabbe-Costes Jahre, Rouquet, 2005:94). Rather they partly integrate with multiple chains, which resulted in what could be called quasi-integration. “The multiple relationships they develop and the evolution of these relationships depend on the projects in which they participate and lead to the development of logistics networks structures in which standards play a key role” (Fabbe-costes,Jahre, Request, 2005:94).

Take the example of STEDER Group, engaging in import & Export activities with its partner freighters international Plc. in Ethiopia.

2.2.5 Freight Forwarders- A supply chain perspective

When writing about intermediaries in general, and freight forwarders in particular, one cannot overlook its connection and relevance in a supply chain context, and the impact freight forwarders can have on the focal firm's managerial choices, as they create possibilities or limitation (Fung, Chen and Yip, 2006).

“The relationship between the focal firm, and the freight forwarder cannot be viewed solely as an isolated dyad, considering that this relationship is often subjected to other influencing factors. However, in research on channel relationships, the predominant focus has been on pair-wise or dyadic relationships” (Fung, chen and Yip, 2006).

➤ Trade intermediaries are instrumental to the expansion of global trade.

“An improved intermediary performance will result in further trade development. Intermediaries often find it difficult to develop rational partnerships because supply chain members operate in different countries and often have inconsistent business goals”(Fung, Chen, and Yip, 2006:10), business spanning across international borders, is more difficult to manage and sustain.

➤ “As firms focus on their core activities and outsource the rest, their success increasingly depends on their ability to control what happens in the value chain outside their own boundaries” (Fung, Chen and Yip, 2006:160).

This chapter is organized in three parts; the first part focuses on our case study: the Logistics performance Index Concept, constituting the only complete study in logistics and trade related matters worldwide. The second part, trade barriers, highlights the nature of constraints that can affect the activity of freight forwards. The final part provides a brief country profile for Ethiopia and Djibouti, highlighting issues relevant to the analysis chapter, namely: Import/Export procedures expressed in terms of transit lead time, quality of logistics procedure and services and cost.

2.2.6 The logistics performance index

“The logistics performance index (LPI) and its indicators provide the first in-depth cross-country assessment of logistics gap among countries. Drawing on the first-band knowledge of logistics professionals worldwide, it provides a comprehensive picture if supply chain performance-from customs procedures, logistics costs, and infrastructure quality to the ability to track and trace shipments, timeliness in reaching destination, and the competence of the domestic logistics industry”(Arvis,et al 2007:1)

The world bank, with its professional and academic partners, has produced the first LPI to start closing the knowledge gap and help countries develop logistics reform programs to enhance their competitiveness. The results of LPI ranking introduce some interesting findings; first the higher the score in terms of LPI, the greater the countries role in logistics industry, and vice versa. On a second note, scoring low in LPI terms, can be interpreted as being “trapped in vicious circle of over regulation, poor quality services, and under-investment” (Arvis, et al 2007).

The logistics performance index report, is built upon previous literature, such as studies from World bank: Doing business, and the world economic forums : The global competitive index: Its focus however, its primarily on supply chain performance, and its indicators have been developed in such a way that, they complement the existing competitive indicators in the two fore-mentioned studies.

Taking in to account the rapidly changing trade scene, in terms of growing distances, and highly integrated and intertwined supply chains, there is a need for an evaluation of the existing metrics, LPI, as implied by acronym, Places great emphasis on performance, expressed through the reliability and predictability factors, unlike the conventional performance metrics, such as direct freight costs and average delays, or more generically expressed in terms of time and costs. World Bank representatives, experts in the field, and academics, came in to the conclusion that, currently important indicators such as transparency of processes and the quality, predictability, and reliability of services in logistics, cannot be captured solely from the information available on time and cost. “The predictability and reliability of shipments, while more difficult to measure, are more important for firms and may have a more dramatic impact on their ability to compete” (Arvis, et al 2007:4).

The LPI consists of two main parts, namely *international* and *domestic* LPI.

The former has encompassed a range of metrics, they estimate as crucial in the current international trading environment, and conditions:

- Efficiency and effectiveness of the clearance process by customs and other border control agencies.
- Quality of transport and IT infrastructure for logistics.
- Ease and affordability of arranging shipments.
- Competence in the local logistics industry (e.g, transport operations, customs broker).
- Ability to track and trace shipments.

- Domestic logistics costs (e.g local transportation, terminal handling, warehousing);and
- Timeliness of shipments in reaching destination. (Arvis et .al 2007).

The domestic LPI is further divided in to two sub-sections: Environment and institution, and performance. The environment and institution part consists of: -

- Logistics operational environment.
 - i. Port/Airport charges
 - ii. Overall logistics costs (port charges, domestic transport, agent fee)
 - iii. Warehouse service charges
 - iv. Rail transport rate
 - v. Less than full truck load services.
 - vi. Full truck rates.
- Quality of infrastructure
 - i. Telecommunications infrastructure and services.
 - ii. Fixed transport infrastructure (port, road & warehouse)
- Effectiveness and efficiency of process.
 - i. Do traders demonstrating high levels of compliance receive expedited customs clearance?
 - ii. Can customs declaration can be submitted and processed electronically?
 - iii. Do you receive adequate and timely information when regulations change?
 - iv. Is customs clearance a transparent process?
 - v. Are export shipments cleared and shipped as scheduled?
 - vi. Are import shipments cleared and delivered as scheduled?
- Level of competence of professions.
 - i. Trade and transport related associations.
 - ii. Other border crossing-related government agencies.
 - iii. Customs agencies.
 - iv. Freight forwarders.
 - v. Consignees or Shippers.
 - vi. Warehousing and distribution operate.
 - vii. Air transport service providers.
 - viii. Rail transport service providers.

- ix. Road transport service providers.
- x. Customs brokers.
- Evolution of factors over the past three years.
 - i. Overall business environment.
 - ii. Good governance and eradication of corruption.
 - iii. Regulatory regime.
 - iv. Availability of private sector services.
 - v. Quality of telecommunications infrastructure.
 - vi. Quality of transport infrastructure.
 - vii. Other border crossing-related government agencies clearance procedure.
 - viii. Customs clearance procedure.
- Incidence on your activity of the following constraints in your country of work.
 - i. Solicitation of informal payments.
 - ii. Criminal activities. (e.g. Stolen cargo)
 - iii. Major delay due to pre-shipment inspection.
 - iv. Major delay due to compulsory warehousing “(LOI official website).

If taken in isolation, none of these elements can provide a complete picture on logistics performance. Therefore, the selection and combination of these factors is not coincidental, and “it’s based upon the latest theoretical and empirical research” (Arvis et al. 2007:8).

“The logistics performance index is built upon its indicators have been constructed from information gathered in a worldwide survey of the companies responsible for moving goods and facilitating trade around the world –the multinational freight forwarders and the main express carrier” (Arvis, et.al.,2007:8). The survey was conducted through a web-based questionnaire, completed by more than 800 logistics professionals worldwide- “the operators or agents of the world’s largest logistics service providers” (Arvis et. Al. 2007:8).

2.2.7 Problems that can affect the activity of freight forwarders.

These days you have more challenges than just trying to keep trucks full, you have your hands full of business process needs that can often feel like too much to handle.

According to third party logistics study by Capgemini, ‘cutting transportations costs’ make the top of the list as far as concerns for the logistics industry. Some other obvious pain-points make

the list as well, but perhaps the most important and at times challenging concern is the need for greater innovations and technology advances while remaining budget-conscious.

Here is a snapshot into 8 of the top challenges facing the industry.

1. Fuel Costs. One of the highest costs contributing to the ‘cutting transportation cost’ concern is fuel prices. Higher fuel prices are likely to increase transportation costs for shippers. Rising US diesel fuel prices are escalating surcharges added to freight rates, which is reversing a two-year trend that cut into the revenue and earnings of truckers as fuel prices plummeted.

2. Business Process Improvement. Notwithstanding the need for new technology, which we discuss in number eight on this list, it has become an increasing challenge for the logistics industry to stay on top of new advances in business processes. Taking advantage of these new opportunities sounds enticing but adoption and onboarding can be overwhelming.

3. Improved Customer Service. Customers want full transparency into where their delivery is always. These days, the location of a package is as interconnected as your social network. In fact, as customer expectations have increased, their willingness to pay for fast shipping has decreased with just about 64 percent of consumers unwilling to pay anything extra for less than two-day shipping.

4. Economy. With high fuel prices comes a greater credit crisis and rising inflationary demands that take a greater toll on the US economy. This industry is then pressured by increasing compliance regulations, declining demand, additional capacity with additional increases in key cost centers.

5. Trained Driver Shortage & Retention. Hiring and retention remain an issue despite the lower demand mentioned above.

6. Government Regulations. Carriers face significant compliance regulations imposed by federal, state and local authorities.

7. Environmental Issues. The anti-idling and other emission reduction regulations brought about by state and local governments has created concern that the compliance costs could exceed benefits.

8. Technology Strategy & Implementation. While the industry understands and supports many of the benefits of these technologies, some questions remain as to how they will pay for it and who will help implement the improvements.

2.2.8 Country profile for Ethiopia and Djibouti, highlighting issues relevant to the analysis.

Ethiopian logistics system is characterized by poor logistics management system and lack of coordination of goods transport, low level of development of logistics infrastructure and inadequate fleet of freight vehicles in number and age, damage and quality deterioration of goods while handling, transporting and in storage. This couple with lack of seaport resulted in poor linkage of producers (framers) to the consumers market and non-competitiveness of Ethiopian goods on global market, which comprised livelihood of the people and economy of the country. There is very high rate of traffic accident (first in the world) and congestion in cities and at city inlets/outlets to which freight vehicles contribute significantly. Efficient and effective logistics system needs to be put in place to solve those socio-economic problems. Ethiopia with the aim of identifying the gaps, potentials and constraints for development of effective and efficient logistics system. Presence of road of high density and quality makes efficient distribution of goods easy. Customer orientation, low level bureaucracy at customs and trade facilitation expedite goods flow. Availability of skilled manpower, conducive labor regulations and business environment promotes economic activities. On most of these criteria, Ethiopia logistics system is found to be poor. Intermodal transport system is the best solution and commencement of construction of 10,000KM rail line is an opportunity to use road-rail integrated intermodal transport system to solve the logistics problems of the country. (SLU 2013)

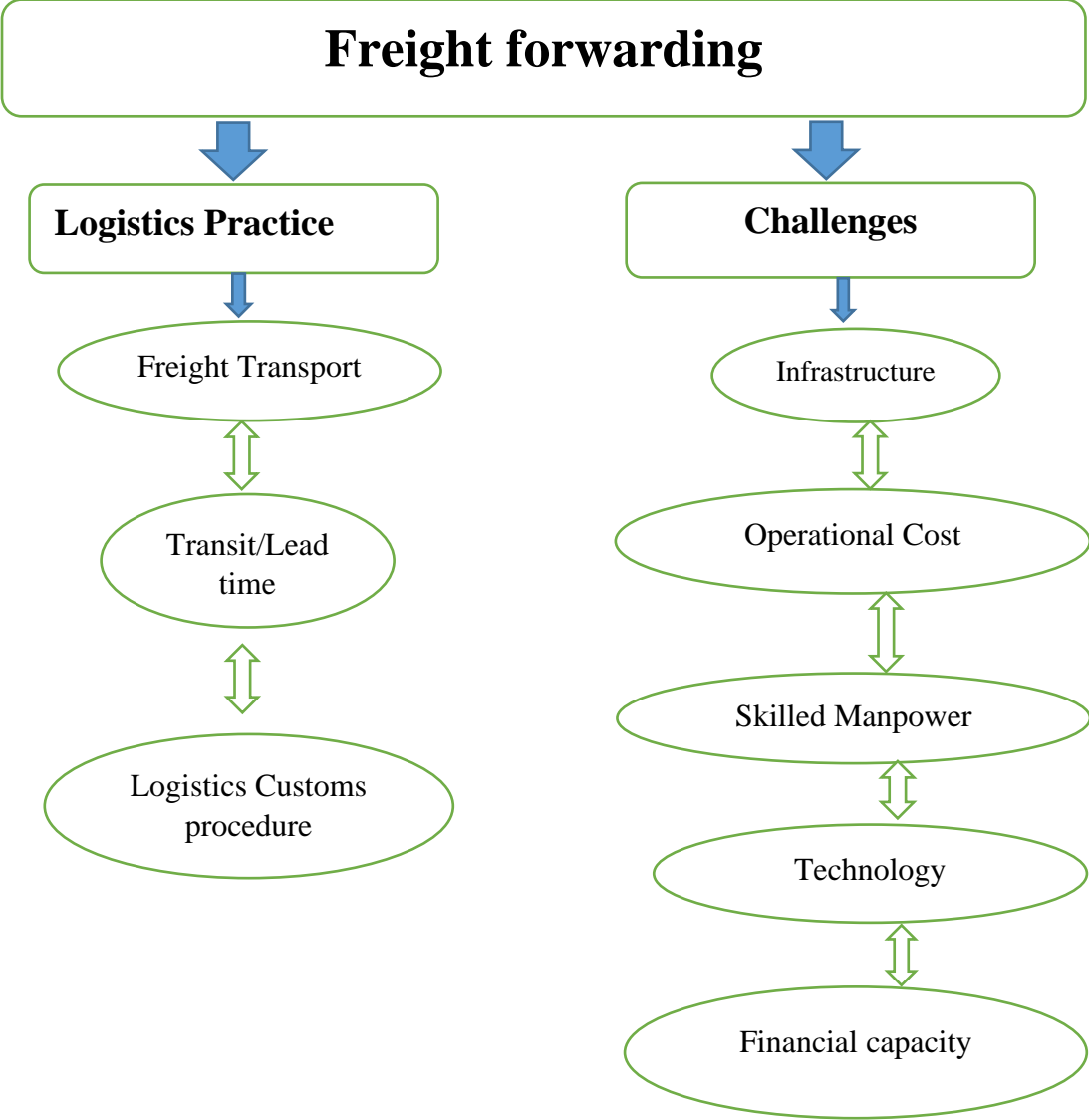
2.3. Conceptual framework and operationalization framework

Based on the reviewed literatures the conceptual framework for the factors challenging freight forwarding operations is developed. The framework comprises the three factors required for factors required for assessing the factors that **freight forwarding challenges, service characteristics & practices, and Finance practice and costs management**. These variables are going to be used in the analysis and discussion of the research findings.

The independent variables are factors which influence freight forwarding operations. The dependent variables are freight forwarding operation and the independent variables are transit

time, quality of logistics customs procedure, Operational cost, financial capacity, freight transport, Technology, Infrastructure and skilled manpower.

2.1 Conceptual Framework



2.4. Freight forwarding challenges

A Cambridge dictionary defines the word “challenges” as (the situation of being faced with) something that needs great mental or physical effort in order to be done successfully and therefore tests a person’s ability.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

A research methodology is a systematic process which is followed in conducting a research study (Kothari, 2005:10). It comprises a body of knowledge that enables researchers to explain and analyze the research methods they use, indicating their limitations and resources, identifying their presuppositions and consequences, and relating their potentialities to research advances. This chapter is about the method that was used for collecting information in the field and how the study was conducted, the applied method and techniques in data collection and the reasons as to why they used according to the research. Accordingly, the issue of research methodology is essential the issue of research methodology is essential to any study and an appropriation between the research paradigm, type of data, and collection methods has significant implications for the research findings.

3.2. Description of the Study Area

There are around 200# freight forwarders registered under EFFSA in Ethiopia, out these the researcher selected only three freight forwarders to wit Freighters international Plc, Maccfa logistics and C.L.S logistics as they are a leading privately owned freight forwarders in Ethiopia and have high volume Import/Export containerized shipments handled by the three forwarders operating in Ethiopia and Djibouti.

3.3. Research Approach

The research approach used was mixed approach of quantitative and qualitative data. A quantitative data is more suitable for highly structured research that may be statistically measured (V. Chinnathambi, 2013). According to him, there is a tendency for quantitative data is to describe, analyze and understand the behavior or impact of a certain phenomenon, often by using hermeneutic science (interpret and analyze) so a new theory or understanding may be outlined(Chinnathamb, 2013).

3.4. Research Design

Research design may be viewed from many perspectives and is often seen as controversial (Knox, 2004). However, it underpins the types of questions that may be addressed and the nature of the evidence that is generated (Clark, Lotto & Astuto, 1984:41).

Creswell (2003) observes that a descriptive research design is used when data was collected to describe persons, organizations, settings or phenomena. Descriptive research design is ideal as the study was carried out in a limited geographical scope and hence is logistically easier and simpler to conduct considering the limitations of this study (Mugenda, 2008). The design also has enough provision for protection of bias maximized reliability (Kothari, 2008). This design was selected because the researcher wished to collect information on people's attitudes and opinions as well as facts from existing reports in relation to assessment on the practices and challenge of freight forwarding in case of the selected freight forwarding companies.

The researcher used descriptive type of research design which helps to describe a certain phenomenon or characteristics concerning a subject of population, estimated of the proportions of the population that have those characteristics and to discover associations between different variables (cooper & Schindler, 2003).

3.5. Target Population

The population of the study comprised of all the higher and middle level logisticians and customs department assessors and transistors at A/Ababa that make appeal for assistance are involved in the practice of freight forwarding for the selected three logistics companies. Hence a Total of 60 respondents were selected. This population will give priority due to the needy of getting realistic evidence, since the selected companies are handling most of the import and export operations in Ethiopia. The participants/population of the study were Logistics operation department heads, logistics supervisors and customs transistors in Ethiopia.

3.6. Data sources and Types

The researcher used primary and secondary data sources. 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, 2006:234). The structured questionnaire checklist has been adopted.

The primary data was collected through questionnaires and interviews. There are both advantage with primary data. The main advantage is that data are collected particularly for the study at hand (Ghauri and Gronhang 2005: patel and Davidsson, 2005). The main disadvantage for primary data is that the gathering of primary data can be time consuming and costly.

The secondary data was relied on previous data collected and the data should be starting point of all research (Ghauri, Gronhaus, 2005). The secondary data used relevant books, the policy of the organization, journal articles, and internet and research report.

3.7. Data collection Instrument and procedures

The procedure in this research was identifying respondents for questionnaires and interview, clear consent was given to them to understand the objective of the study and to give to them to understand the objective of the study and to give an attention on its importance. The researcher distributed questionnaires electronically to all respondents since the respondents had email address and internet access. Finally interview and questionnaire data were collected respectively and properly from the respondent by the redesign schedule.

3.8. Data Analysis

The researcher used a statistical package for the social sciences (SPSS 20.0) tool for the data analysis. In analyzing the data collected, the following descriptive analytical methods were used. Data obtained from official records were tabulated into different categories and analyzed using simple statistical methods such as percentages and graph. 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 are drawn.

In order to achieve the stated research objectives, the collected data was analyzed based on the nature of the study objective. After the data was collated, the data entry and cleaning were done. The result of the data analysis was presented by using tables, figures and charts. By using statistical package for social science software, the data obtained from each study participants were analyzed qualitatively: While the information obtained from interview analyzed qualitatively. After successful gathering of the data, the data was analyzed by using both

descriptive statistics (table, mean and standard deviation) and inferential statistics with a computer program called SPSS.

3.9. Validity and reliability

Validity test was conducted to ensure that the measure includes sufficient coverage of the investigated questions, meanwhile the face validity conducted to validate the items of research questionnaire. Before the main study, the researcher carried out the pilot survey to minimize errors due to improper design elements, such as question wording or sequence. So it's important to discover confused interview instructions; learning and ensure validity of the questionnaire whether it's too long or too short of the information.

Reliability test has been done to check whether the questionnaire consistently reflects what it means s measure or not. For the test of reliability Cronbach's alpha was used as a measure of internal scale consistency using SPSS software version 20.0. According to Tavakol, M & Dennick, R (2001), there are different reports about the acceptable values of Cronbach's alpha, ranging from 0.70 to 0.95. So, based on the above result the scale is reliable.

3.10. Ethical consideration

The researcher informed participants the issue of confidentiality and highly secured on answering the questionnaires as well as the researcher gave consent to respondents their response did not disclose for anybody without their consent. To this effect a letter of cooperation was written to the companies concerning officials and particularly these officials were shown unreserved support and cooperative to the researcher.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter deals with analyzing and presenting the fact collected by questionnaire concerning factors influencing freight forwarding practice and challenges. The analysis of the study is structured and conducted to answer the research questions by addressing the objective of the research. The data collected via questionnaire are summarized, organized and analyzed using statistical software called statistical package for social science/SPSS. Accordingly, reliability test, interpretation and discussion is presented.

Therefore, the chapter consists of two major parts, the first section deals with the demographic profile of respondents, and the second section presents the analysis and discussion of qualitative and quantitative main data. The research targeted on the assessment of freight forwarding practice and challenges in the case of some selected freight forwarders. The finding of the study was presented to answer the leading research questions and the results are categorized according to freight forwarding practices.

The data obtained from the primary source using structured questionnaires and secondary data are presented. 60 Questionnaires were distributed to the respondents and from this all sixty (60) were returned and accepted. This accounts for 100% of response rate found is very good for further analysis of the data.

4.2 Reliability Test

Reliability test has been done to check whether the scales used on the questionnaire consistently reflect what it means or not. For the test reliability Cronbach's alpha was used as a measure of internal scale consistency using SPSS (statistical package for social science studies).

According to Tavakol, M & Dennik, R (2011) there are different reports about the acceptable values of Cronbach's alpha, ranging from 0.070 to 0.95. So, based on the above result the scale was reliable.

Table 4.1 Reliability test

Reliability Statistics	
Cronbach's Alpha	N of Items
.886	36

Source: SPSS Output (2020)

4.3 Characteristics of respondents

The demographic profile of the respondents is presented and analyzed below in assessing respondents age, gender, salary work experience and education level of the respondents is that, when the respondents are more experienced and educated they have better opportunity to understand the case and give better response than else. The details of the characteristics of the respondents have shown clearly as follows.

Table 4.2 Demographic information of the respondents.

Items		Frequency	Percent
Current Position/Title.	Owner	1	1
	General Manager	4	7
	Sales	16	27
	Operation officer	18	30
	Other	21	35
	Total	60	100
Gender	Male	36	60
	Female	24	40
	Total	60	100
Total years of work experience in freight forwarding industry.	2-5 years	10	17
	5-10 years	38	63
	more than 10 years	12	20
	Total	60	100
Age	21-27 years	2	3

	28-35 years	20	33
	36-42 years	23	38
	43-50 years	13	22
	above 50 years	2	3
	Total	60	100
Educational level.	Diploma	6	10
	Degree	44	73
	MSc or MA	10	17
	Total	60	100
Salary Level	5,000-10,000 birr	4	7
	10,001-15,000 birr	22	37
	15,001-20,000 birr	20	33
	above 20,001 birr	14	23
	Total	60	100

Source: own survey result, 2020

As shown in the table 4.2 above, 1% of the respondents were the owner of the company, 7% of the respondents were General Manager of the company, 27% of respondents were Sales, 30% of respondents were operations officers and others were accounted 35%.

Based on the above table 4.2, 60% of the respondents were male and remaining 40% were female. This implies that most of the respondents were male.

Based on the above table 4.2, 17% of the respondents have work experience between 2 to 5 years, 63 % of the respondents are between 5 to 10 years of work experience and the remaining 20% respondents have more than 10 years of work experience.

As shown on table 4.2, 3% of the respondents were between 21 & 27 years age, the next age group with valid 33% of were between 28 & 35, the other age group with valid 38% of were between 36 & 42, the other age group with valid 22% were between 43 & 50, and the other age group with valid 3% were Above 50.

As shown in Table 4.2 above, 73% respondents the highest educational level attained by most of the respondents was degree and 10 % respondents were diploma. The remaining 17% respondents attained MSc or MA.

As shown above in Table 4.2, around 7% of the respondents earn between 5,000-10,000 birr monthly salary, while around 37 & of the respondents earn between 10,001-15,000 birr monthly salary and 33% of the respondents earn 15,001-20,000 birr monthly salary and the remaining 23% earns Above 20,001 birr.

4.4 Analysis and Discussion on the factors Vs. challenges freight forwarding practice and challenges

Descriptive statistics entail transformation of raw data into a form that would provide information to a set of factors in a situation. Thus, the profile of the respondents together with their perception about the topic of the study were presented, analyzed and interpreted under this section through descriptive statistics relating the objective of the study. For the analysis of all these variables, mean and standard deviation is used particularly mean value of the respondents has considered as an important indicator to the extent of the organization’s practices on each item. In this part of the studies report analysis conducted on the data gathered to assess factors influencing freight forwarding practice and challenges based on four dimensions were presented. Descriptive statistics were used to analyze the data in this study.

The researcher intended to indicate freight forwarding practice and challenges of the selected logistics companies using aspect in a five point Likert scale i.e. ‘strongly disagree’ (1), ‘disagree’ (2) ‘Neutral’(3), ‘Agree’(4) and ‘Strongly agree’(5).

4.4.1 Key factors that affects forwarders performance.

Table 4.3 Descriptive statistics for Key Factors that affects freight forwarders performance

Key Factors that affects freight forwarders performance	N	Mean	Standard Deviation
Your company committed to provide attractive transit /lead time for your customer.	60	3.53	0.812

Your company Djibouti/and branch clearing agents dedicated to providing you the desirable services.	60	3.6	0.785
Have reputable knowledge and experience to solve shipping document problems/errors timely or before getting issued to avoid unnecessary delivery delay due to document problems.	60	3.62	0.739
Your company have structured design and organized staff to complete the business.	60	3.5	0.77
Operations affected by road and related infrastructure challenges.	60	3.63	0.688
Customs authority bureaucracy and procedure create massive impact on the operation.	60	3.62	0.691

Source: Survey Data 2020

Table 4.3 shows the descriptive statistics of key factors that affects freight forwarders performance of the selected freight forwarders. The mean score for the first item which is 3.53 which shows the respondents replied “agree” as per the standard for interpreting mean results that the company has commitments to provide attractive transit /lead time for your customer. The mean score of the 2nd item which is 3.6 which shows the respondents replied “agree” as per the standard for interpreting mean results that the companies Djibouti/and branch clearing agents dedicated to provide the desirable services. The mean score for the 3rd item which is 3.62 which shows the respondents replied “agree” as per the standard for interpreting mean results that the companies has reputable knowledge and experience to solve shipping document problems/errors timely or before getting issued to avoid unnecessary delivery delay due to document problems. The mean score of the 4th item which is 3.5 which shows the respondents replied “agree” as per the standard for interpreting mean results that the companies has structured design and organized staff to complete the business operations. The mean score of the 5th item which is 3.63 which shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s operations are affected by road and related infrastructure challenges. The mean score of the 6th item which is 3.62 which shows the respondents replied “agree” as per the standard for

interpreting mean results that the company's operations affected by customs authority bureaucracy and the procedure create immense impact on the operation.

Table 4.4 Challenges on current forwarding activities in Ethiopia

Problems on current forwarding activities in Ethiopia	N	Mean	Standard Deviation
Your company has preferable services arrangements compare to other service providers.	60	3.67	0.774
Have good experience and expertise to handle different type of business.	60	3.73	0.756
Have good communication and arrangements to avoid business dispute with similar firms.	60	3.7	0.72
Having own company trucks to accommodate contracted shipments.	60	2.88	1.043
Affected by the market price fluctuation while the market expands to get the required volume trucks from the market.	60	3.48	0.854
Your company frequently faces problems with third party trucking service providers to meet the agreement on providing the required trucks on time to lift the planned shipment.	60	3.57	0.722
Your company has credible reputation and trust on paying service payments for trucking service providers without delay.	60	3.43	0.722
Due to the better utilization of information tools, your company improves its customer responsiveness.	60	3.67	0.752

Due to improved information management, the operation has gained control over the shipments.	60	3.63	0.736
Decrease on customer compliant.	60	3.6	0.807
Customer complement to the firm.	60	3.7	0.788
Your company has formalized business development or marketing department to contribute on getting business.	60	3.53	0.724
Your international partners provide you credible secured business.	60	3.6	0.827
Average market share increases over the past years.	60	3.5	0.813
Increase in return on operation type and volume.	60	3.5	0.748

Source: Survey Data 2020

Table 4.4 shows the descriptive statistics of problems on current forwarding activities in Ethiopia for the selected logistics companies. The mean score of the 1st item which is 3.67 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s has preferable services arrangements compare to other service providers. The mean score of the 2st item which is 3.73 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s has good experience and expertise to handle different type of business. The mean score of the 3rd item which is 3.7 shows the respondents replied “agree” as per the standard for interpreting mean results that the companies has established communication and arrangements to avoid business dispute with similar firms. The mean score of the 4th item which is 2.88 shows the respondents replied “strongly disagree” as per the standard for interpreting mean results that the companies had own company trucks to accommodate contracted shipments. The mean score of the 5th item which is 3.48 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s affected by the market price fluctuation while the market expands to get the required volume trucks from the market. The mean score of the 6th item which is 3.57 shows the respondents replied “agree” as per the standard for interpreting mean results that the companies are frequently faces problems with third party trucking service providers to meet the agreement on providing the required

trucks on time to lift the planned shipment. The mean score of the 7th item which is 3.43 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s has credible reputation and trust on paying service payments for trucking service providers without delay. The mean score of the 8th item which is 3.67 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s has better utilization of information tools, your company improves its customer responsiveness. The mean score of the 9th item which is 3.6 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s decrease on customer compliant. The mean score of the 10th item which is 3.7 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s has Customer complement to the firm. The mean score of the 11th item which is 3.53 shows the respondents replied “agree” as per the standard for interpreting mean results that the companies has formalized business development or marketing department to contribute on getting business. The mean score of the 12th item which is 3.6 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s international partners provide you credible secured business. The mean score of the 13th item which is 3.5 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s average market share increases over the past years.

. The mean score of the 14th item which is 3.5 shows the respondents replied “agree” as per the standard for interpreting mean results that the companies has Increase in return on operation type and volume.

Table 4.5 Finance practice and cost management

Finance practice and cost management	N	Mean	Standard Deviation
Average income grows in the past years.	60	3.68	0.676
Your company financial arrangement is worth enough in organizing operations required fund dealing with stakeholders.	60	3.67	0.655
Good in timely collecting service payments from your client.	60	3.65	0.633

Having excellent staff arrangement and experience in using funds to the most sensitive operations.	60	3.63	0.663
Very good in reporting financial cost benefit analysis.	60	3.55	0.675
Profit over the past years is getting improved.	60	3.47	0.724
The company is focusing on potential business to maximize profit.	60	3.5	0.701
Apply different kind of strategies cope up the expected loss challenges.	60	3.57	0.698
Your company have set standard on contract agreement to claim additional cost incurred due to uncontrollable situations.	60	3.63	0.61

Source: Survey Data 2020

Table 4.4 shows the descriptive statistics of Finance practice and cost management for the selected logistics companies. The mean score of the 1st item which is 3.68 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s average income grows in the past years. The mean score of the 2nd item which is 3.67 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s financial arrangement is worth enough in organizing operations required fund dealing with stakeholders. The mean score of the 3rd item which is 3.65 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s good in timely collecting service payments from your client. The mean score of the 4th item which is 3.63 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s has excellent staff arrangement and experience in using funds to the most sensitive operations. The mean score of the 5th item which is 3.55 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s has very good in reporting financial cost benefit analysis. The mean score of the 6th item which is 3.47 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s Profit over the past years is getting improved. The mean score of the 7th item which is 3.5 shows the respondents

replied “agree” as per the standard for interpreting mean results that the company’s focusing on potential business to maximize profit. The mean score of the 8th item which is 3.57 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s Apply different kind of strategies cope up the expected loss challenges. The mean score of the 9th item which is 3.63 shows the respondents replied “agree” as per the standard for interpreting mean results that the company’s has Your company have set standard on contract agreement to claim additional cost incurred due to uncontrollable situations.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This study wants to assess the current freight forwarding practices and challenges, and its shortcomings with the selected freight forwarding companies. In this study the researcher give answer for the research questions, what are the specific principal methods and procedures used by the selected freight forwarders to ensure better service delivery to customers and applying new working procedure to add value to the industry? What are the required professional competencies level of managers and staffs to carry their duties and responsibilities? How the freight forwarding companies implements visibility and progressive developments to the overall industry? And what are the challenges facing in implementing value added services to customers? Therefore, this chapter gives the, summary conclusions, recommendations, and suggestions for further research based on the results in chapter four.

5.2. Summary of the findings

Based on the report provided under the chapter four, the summaries of findings are given to the readers to know and reach about the key results of the study. For this study, data were collected from permanent employee of the selected freight forwarding companies based on the questionnaire distributed to 60 respondents. Out of the 60 respondents, all the 60 had returned the Questionnaires, consequently, descriptive statistics were used to analyze the data collected from the respondents. Frequencies, percentages, mean & cumulative score were used to analyze the data. The study used the categorized factors to assess freight forwarding practice and challenges for the selected logistics companies. These were factors, which affect freight forwarding activities, major problems on current forwarding activities in Ethiopia over forwarding sector and its effect on the performance of the industry and Finance practice and cost management in Ethiopia forwarding sector.

In order to achieve the study objective, data were collected from the target population of logistics freight forwarding companies logistics department employees and which processed in both quantitative and qualitative approach of descriptive research method. From the demographic

characteristics of respondents', the majority (60%) was male and the remaining (40%) were female participants. Besides, most employees who participated in the study survey were relatively ranging their work experience from 2 to 5 year 10(17 %) and 5 to 10 years 38 (63%) and grater that 10 years of experience 12(20%). The numbers of respondents who have diploma account 6(10%), who have degree 44(73%) and MSC & MA 10(17%). All 100% respondent fill the questionnaire are directly working with the industry, out of 60 questionnaire all respondents replied fully, the reason getting the full reply is due to the researcher has direct Job communications to the industry and have direct contact to guide and link with respondents..

The researcher looked for the new logistics trend of 3PL & 4LP advanced freight logistics practices. Adding preferable service arrangements to customers to get better market coverage will give the industry reward. Creating international partners can be another way of getting global knowledge and skills to ease the cost of doing businesses and minimizing unnecessary cost and meeting shortest transit/lead time to get customers complements and put full trust. The other way of increasing the operations volume is creating standard Marketing and business development team to detect potential local and international market opportunities, In this regard the role of Marketing and sale team will be to identify customers type, select the potential market opportunism that can bring prospects to the company, Work internally with operation and finance team study the job financial and operational resource demand and the company capabilities to handle the operations and finally balance the expected reward from the business. From the industry merit most stimulating shipment type is project cargo will be the most rewarding which demand the forwarder to have good financial position and experience and expertise to handle the operation unlike any other shipment type. Next containerized, Break-bulk, Air and liquid shipments are the industry playground to make forwarders operational.

5.3. Conclusion

According to the respondents, this report describing factors influencing freight forwarding practice and challenges with impasses on the selected three freight forwarders. There are several factors that affect the freight forwarding performance to do the business operations smoothly. Among this the primary factors that have stood out during this research have been

➤ Factors that affects freight forwarders performance: - Government regulations and overall infrastructure is the main hindering factors that affect freight forwarding performance. Hence much is expected from government to review the regulations and make much effort enhance the country infrastructure.

➤ Problems on current forwarding activities in Ethiopia and:- Since the industry was blocked for international freight forwarders to operate in the country in the last, the industry is at its infant stage to grow, thanks to the new policy implemented in 2011 some international forwarders start operating in the county jointly with local forwarders, hoping to make more open for international freight forwarders which can assist the county to progress by getting experience /Knowledge, technology and capital. Much is expected to from the government to assist the new international forwarders to make the industry grow.

➤ Financial practice and cost management: - Many of Ethiopian freight forwarders don't have Good financial processing software and working arrangement, in addition to hiring capable finance staff it's a must to adopt control over each Revenue and cost management.

The report confirms that providing shortest transit/lead time, providing preferable service arrangements, having good experience and expertise to handle different type of business, worthy enough financial position and having own company trucks are factors most importantly determinants to overcome freight forwarding challenges to the least.

5.4. Recommendations

The results of the study provide important insights on freight forwarding challenges and practices. In general logistics development industry play crucial role to the countries economy's as force multiplier to bust the economy and vital support for the overall business activities for import and Export activities.

➤ Ethiopian freight forwarders hindered by the countries logistics policy to grow and meet the growing industry demand; however, the expected policy revision is not as such supportive to get progress.

➤ The government of Ethiopia should take the front leading action to progress and multiply the logistics players and support in terms of finance and capabilities.

- From our study on chapter 4 many of the freight forwarders don't have their own truck, they used to load their contracted shipment outsourcing with third party trucking companies, by doing this this logistics companies may face truck shortage to get delivered the consignments as agreed, consequently they will face incurring additional port storage which gone be paid by foreign currency.
- Ethiopia transport sector is weak affecting the logistics performance and the industry full exposed to loss foreign currency due to truck shortage.
- Thus, the government should subsidize both trucking industries and freight forwarders to have their own fleet to meet the industry demand and the countries growing economy. Otherwise that will be a problem to mitigate the countries desire to grown in industrialization and join the global market.

5.5. Suggestions for further study.

The presented study only focused on logistics companies, however the stakeholders from Import/Export companies, government's offices like customs and revenue authority, ministry of trade and industry and investment commission freight transport or carriers companies should be considered to be included to for further and complete study.

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Appendix - A
St. Mary's University
School of graduate Studies
MBA program

Questionnaire

January, 2020

Dear Respondent,

The Purpose of this questionnaire is to gather relevant information which will be used for the study entitled as **freight forwarding practice and challenges on the selected logistics companies** for the partial fulfillment of MBA in St. Mary's university. I would like to extend my deep appreciation to your company and you for the willingness and cooperation in undertaking this valuable research.

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 me to better understand the situation of freight forwarding practice and challenges on the logistics companies.

All data and information that will be gathered through this questionnaire will be used for the sole purpose of the research and remains confidential.

Therefore, I kindly request 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 Researcher's Address:

Elias Tsegaye

Cellphone +251-912-400-770

Email: - Eliastsegaye@outlook.com

Gdugda@gmail.com

I. Demography of respondents

Please tick (✓) or provide your own answers where applicable.

A. Current position/Title

1. Owner 2. General Manager

B. Gender a. Male b. Female

C. Total Years of work experience in freight forwarding industry.....

a. Less than 2 Years b. From 2 to 5 Years c. from 5 to 10 Years d. More than 10 Years

D. Age _____

a. 21-27 years b. 28-35 c. 36-42 d. 43-50 e. above 50 years

E. Educational level

a. 10+ or 12 b. Diploma c. Degree d. Msc/MA

F. Salary level

a. Below 5, 000birr b. 5,000-10,000birr c.10,001-15000birr
d. 15,001-20,000birr e. above 20,001

II. *Questioners focusing to practice and challenges of freight forwarding in the case of some selected freight forwarders in Ethiopia.*

Please indicate the extent of your agreement or disagreement for each and all below statement by putting tick mark (✓) in the column of your choice that is numbered from 1-5 for all items in the questionnaire.

Please use the following rating scale for all items

5	4	3	2	1
Strongly agree	Agree	Neutral	Disagree	Strongly disagree

Question1. To what extent are the following freight forwarding practice and challenges experienced in our organization, please fill the answer as per below advised key words.

1. Key challenges that affects forwarders performance

S/N	Statements	1	2	3	4	5
1	Your company committed to provide attractive transit/lead time for your customer					
2	Your company Djibouti/ & branch clearing agents dedicated to provide you the desirable services					
3	Have reputable knowledge and experience to solve shipping document problems/errors timely or before getting issued to avoid unnecessary delivery delay due to document problems					
4	Your company have structured design and organized staff to compete the business					
5	Operations affected by road and related Infrastructure challenges					
6	Customs authority bureaucracy and procedures create massive impact on the operations					

2. Problems on current forwarding activities in Ethiopia

S/N	Statements	1	2	3	4	5
1	Your company have preferable services arrangements compare to other service					

	providers					
2	Have good experience and expertise to handle different type of businesses					
3	Have Good communication & arrangement to avoid business dispute with similar firms					
4	Having own company trucks to accommodate contracted shipments					
5	Affected by the market price fluctuation while the market expands to get the required volume trucks from the market					
6	Your company frequently face problems with 3 rd party trucking service providers to meet the agreement on providing the required trucks on time to lift the planned shipments					
7	Your company have credible reputation & trust on paying service payments for trucking service providers without delay					
8	Due to the better utilization of information tools, your company improves its customer responsiveness.					
9	Due to the improved information management, the operations have gained control over the shipments.					
10	Decrease on customer complaint					
11	Customer complement to the firm					
12	Your company have formalized business development or marketing department to contribute on getting businesses					
13	Your international partners provide you					

	credible secured businesses					
14	Average market share increases over the past years					
15	Increase in return on operations type and volume					

3. Factors that affect financial practice and cost management

S/N	Statements	1	2	3	4	5
1	Average income grows in the past years					
2	Your company financial arrangement is worth enough in organizing operations required fund dealing with stakeholders					
3	Good in timely collecting service payments from your client					
4	Having excellent staff arrangement and experience in using funds to the most sensitive operations					
5	Very good in reporting financial cost benefit analysis					
6	Profit over the past years are getting improved					
7	The company is focusing on potential businesses to maximize profit					
8	Apply different kind of strategies cope up the expected loss challenges					
9	Your company have set standard on contract agreement to claim additional cost incurred due to uncontrollable situations					

Appendix - B

Declaration I Elias Tsegaye declare that this thesis conducted under the title assessment of freight forwarding practice and challenges, prepared under the guidance of **Zemenu Aynadis (PHD)**. All the sources of materials used for thesis have been full acknowledged. I further confirm that the study has not been submitted in part or in full to any other higher learning institutions for the purpose of earning a degree.

Elias Tsegaye _____

St. Mary's University, Addis Ababa June, 2020.

Endorsement

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as university advisor. **Zemenu Aynadis (PHD)**_____

St. Mary's University, Addis Ababa June, 2020.