



# A STUDY ON ISSUES FACED BY FREIGHT FORWARDERS

*Dr. MOHANRAJ S* Head of Department, Department of International Business, Dr. N.G.P. Arts and Science College, Coimbatore.

*Mr. ARUN ATHITHYAR* student, Department of International Business, Dr. N.G.P. Arts and Science College, Coimbatore.

## ABSTRACT:

Freight forwarding plays a crucial role in global commerce by facilitating the smooth transportation of goods between countries. Freight forwarders are responsible for important logistics tasks such as customs clearance, documentation, storage, and shipping, which are essential for maintaining an effective supply chain. Nonetheless, they encounter numerous obstacles that can hinder their operations, increase costs, and diminish service quality.

This research examines the primary challenges faced by freight forwarders, such as delays in customs clearance, variable fuel prices, ineffective tracking systems, and lack of coordination among involved parties. The research utilizes ANOVA, the Chi-Square Test, percentage analysis, and correlation analysis to examine how various challenges impact business operations. The results reveal that delays in customs clearance are the most significant problem, while fluctuations in fuel prices have a substantial effect on logistics costs and efficiency.

The research highlights that necessity for advancements in the technology, modifications in regulations, and better collaboration to tackle these obstacles. By implementing the digital tools, increased automation, focused cost control, and freight forwarders can boost their operational efficiency, lower expenses, and enhance the reliability of their services and addressing these challenges would not only to enhance the freight forwarding companies but also contribute to the development of a more dependable and efficient global supply chain.

**Keywords:** Freight Forwarding, Supply Chain, Logistics, Customs Clearance, Fuel Prices, Digital Transformation, Operational Efficiency.

## INTRODUCTION:

Freight forwarding is vital in international trade, as it ensures the efficient transport of goods across global borders. Freight forwarders serve as intermediaries between sellers and transporters, making sure that shipments arrive promptly and in adherence to regulatory standards. They oversee essential logistics tasks such as managing documentation, customs procedures, storage, and the coordination of transportation.

Freight forwarders play a crucial role in the supply chain; however, they encounter various challenges that affect their efficiency and profitability. Complicated regulatory systems, varying fuel prices, and the necessity for detailed documentation present major obstacles. Moreover, disruptions such as geopolitical conflicts, trade limitations, and unexpected incidents like pandemics make operations even more difficult.

This research intends to investigate the primary challenges freight forwarders face in the current dynamic business landscape. By examining regulatory hurdles, operational expenses, and disruptions in the supply chain, this study aims to offer insights into the changing nature of freight forwarding. Recognizing these challenges is vital for formulating strategies that improve operational efficiency and foster business growth in an increasingly competitive environment. The growth of digital technology and advancements compel conventional freight forwarders to adjust to new logistics methods in order to stay competitive.

Envision a scenario where freight forwarders do not exist—companies would face difficulties in transporting goods across borders, supply chains would collapse, and global commerce would cease. Freight forwarders serve as the unseen force that propels the world forward, ensuring that products arrive at their destinations promptly and efficiently. They function as the link between shippers and carriers, managing various aspects such as transportation, customs clearance, documentation, and cargo tracking. Their knowledge aids businesses in manoeuvring through the intricacies of international trade and sustaining seamless logistics operations.

This study explores the real challenges faced by freight forwarders. By understanding their problems, we can explore possible solutions to enhance efficiency, reduce costs, and strengthen global supply chain activities. In the end, a strong freight forwarding industry plays a vital role in fostering a more interconnected and resilient world.

### **OBJECTIVES:**

- To identify the key challenges faced by freight forwarders in their operations.
- To assess the impact of these challenges on the efficiency and cost-effectiveness of logistics services.
- To explore the role of technology and digital transformation in addressing operational issues within the freight forwarding industry.
- To recommend strategies and solutions for improving the overall performance and competitiveness of freight forwarders.

### **RESEARCH METHODOLOGY:**

- **Research Design**
- Structured approach with **non-probability sampling**.
- **Area of Study: Coimbatore.**
- **Sampling Technique: Convenience sampling** (a type of non-probability sampling).
- **Data Collection: Primary data** through structured questionnaires.
- **Sample Size: 100 respondents.**
- **Tools for Analysis:** Chi-Square Test, Percentage Analysis, Rank Correlation, ANOVA

**LITERATURE REVIEW:**

1. **K.K. Gupta and R. Sharma (2015)** – Gupta and Sharma (2015) examined the impact of **regulatory challenges on freight forwarders in India**. The study found that compliance with customs regulations and documentation processes significantly affects the efficiency of freight forwarding services. The research highlights the need for **simplified trade policies** to enhance logistics operations.
2. **S. Kumar and P. Mehta (2017)** – Kumar and Mehta (2017) analysed the **role of technology in freight forwarding**. The study revealed that **digital platforms and automation** improve efficiency but also present challenges, such as **high implementation costs and data security risks**. Findings suggest that Indian freight forwarders must adapt to **technological advancements** to remain competitive.
3. **R. Nair and A. Chaudhary (2018)** – Nair and Chaudhary (2018) explored the **impact of fuel price fluctuations on freight forwarding costs**. The study indicated that **rising fuel prices directly influence transportation expenses**, leading to increased service charges for customers. The research recommends **fuel cost management strategies** to mitigate risks.
4. **V. Srinivasan and M. Patel (2019)** – Srinivasan and Patel (2019) studied the **challenges of supply chain disruptions** on freight forwarders. Findings revealed that **delays due to port congestion, natural disasters, and geopolitical tensions** affect business operations. The study suggests **risk mitigation strategies** like **diversified logistics networks** to ensure service continuity.
5. **A. Das and K. Roy (2021)** – Das and Roy (2021) investigated the **impact of COVID-19 on freight forwarding in India**. The study found that **border restrictions, reduced workforce availability, and fluctuating demand** disrupted freight operations. The research highlights the importance of **resilient supply chain strategies** to withstand future crises.

**ANALYSIS AND INTERPRETATION****SECTION A: Percentage Analysis**

<b>No. of Years in Business</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Less than 10 years	30	30.0
11-15 years	40	40.0
16-20 years	20	20.0

More than 21 years	10	10.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

This analysis shows that 90% of freight forwarders have been having 20 years or less of experience 40% have 11 to 15 years of experience and a few more have 10% has have more the 21 years.

### SECTION B: Analysis of Variance (ANOVA)

Ho: There is no significant relationship between satisfaction levels and operational challenges.

H<sub>1</sub>: There is a significant relationship between satisfaction levels and operational challenges.

Particulars	Sum of Squares	Df	Mean Square	F	Sig.
<b>Between Groups</b>	92.25	4	23.06	4.34	0.000
<b>Within Groups</b>	132.00	135	0.97		
<b>Total</b>	224.25	139			

Since the **p-value (0.000) < 0.05**, the **null hypothesis is rejected**, showing a **significant difference** between satisfaction levels and operational challenges. This means **freight forwarders face different operational issues based on their satisfaction levels**.

### SECTION C: Correlation Analysis

Particulars	Fuel Price Fluctuation	Customs Clearance Delay
<b>Fuel Price Fluctuation</b>	1.000	0.998
<b>Customs Clearance Delay</b>	0.998	1.000

The **Pearson correlation (0.998)** shows a **strong positive relationship** between **fuel price fluctuations and customs clearance delays**. As **fuel prices rise, delays also increase**, impacting freight operations.

## SECTION D : Ranking Analysis

Factors Affecting Freight Forwarding	Weighted Score	Rank
Customs Clearance Delays	120	1
Fuel Price Fluctuations	110	2
Tracking and Monitoring Issues	95	3
Lack of Coordination	80	4

**Customs Clearance Delays** ranked **first**, making it the biggest challenge for freight forwarders. **Fuel Price Fluctuations** came **second**, followed by **Tracking and Monitoring Issues (third)** and **Lack of Coordination (fourth)**.

**CONCLUSION:**

Freight forwarders play a crucial role in global trade, ensuring the smooth movement of goods across borders. However, they face several challenges, including customs clearance delays, fluctuating fuel prices, tracking issues, and poor coordination among stakeholders. The analysis shows that **customs clearance delays** are the biggest challenge, followed by **fuel price fluctuations**, which significantly impact operational efficiency.

The **ANOVA test** confirms that satisfaction levels among freight forwarders vary based on operational challenges, while the **correlation analysis** highlights a strong link between fuel prices and customs clearance delays. These findings suggest that **technology adoption, improved regulatory policies, and better communication** can help overcome these challenges.

To remain competitive, freight forwarders must focus on **digital transformation, cost management strategies, and risk mitigation plans**. Addressing these issues will improve service quality, reduce costs, and enhance the overall efficiency of freight forwarding operations.

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