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Research Article

Information Management in Freight forwarding: A Non- Negotiable Consideration for Today's Importers and Exporters

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Abstract

The paper examines information Management in freight forwarding and how it influences shipper satisfaction and loyalty using survey questionnaire. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used as the main multivariate data analysis tool. The study reveals a significant positive influence on shippers' satisfaction. The study postulates that Freight forwarders "information management" dimensions are critical market winning considerations in terms of what constitute shippers' satisfaction and loyalty in international trade. The study therefore recommends emerging freight forwarders to consider information management tools such as Enterprise Resource Planner (ERP), Electronic data Interchange (EDI), Informational Websites, E-booking and so on to achieve competitive advantage over other companies offering similar businesses. The limitation of this study is that the data was centered only on the Ghanaian freight forwarding industry. This paper further contributes to practice in the ongoing debate about the need to leverage right information management tools in international trade.



INFORMATION MANAGEMENT IN FREIGHT FORWARDING: A NON-NEGOTIABLE CONSIDERATION FOR TODAY'S IMPORTERS AND EXPORTERS

BY

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ABSTRACT

The paper examines information Management in freight forwarding and how it influences shipper satisfaction and loyalty using survey questionnaire. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used as the main multivariate data analysis tool. The study reveals a significant positive influence of freight forwarders information management on shippers' satisfaction. The study postulates that Freight forwarders "information management" dimensions are critical market winning considerations in terms of what constitute shippers' satisfaction and loyalty in international trade. The study therefore recommends emerging freight forwarders to consider information management tools such as Enterprise Resource Planner (ERP), Electronic data Interchange (EDI), Informational Websites, E-booking and so on to achieve competitive advantage over other companies offering similar businesses. The limitation of this study is that the data was centered only on the Ghanaian freight forwarding industry. This paper further contributes to practice in the ongoing debate about the need to leverage right information management tools in international trade.

Keywords: Freight Forwarding, Satisfaction, Loyalty, shippers, Information Management

INTRODUCTION

Customer satisfaction and loyalty has gained prominence in theory and practice in different fields (Durdyev et al., 2018; Famiyeh et al., 2018; Jamal & Naser, 2003; Kaur & Soch, 2018; Keshavarz & Jamshidi, 2018; Lam et al., 2004a; Mosahab et al., 2010; Oladele, 2016; Spreng & Mackoy, 1996; Tontini et al., 2017; Yeung et al., 2004). The relevance of this subject applies to all kinds of businesses, products and services because customers are the very reason products are designed. Marketing scholars properly place customers as the kings and queens in the marketplace. Whilst others exclaim that the customer is always right, it is also an undeniable fact that, the fate of every service provision or product design rests upon the shoulders of the customer.

A business cannot breathe without customers' patronage. In the competitive market, business operators have the obligation to satisfy their customers since they do them great favor by

spending or making purchases from them instead of their equally capable competitors. Customers wield the power to exclude one's products from their choice simply because the service, product or the company is not up to customers' expectation. In the light of these, issues of customer orientation, customer satisfaction, customer loyalty, customer care, customer retention and other customer centered modus operandi should be a bedrock phenomenon of companies irrespective of industry, size, location and type.

In the contract of carriage, freight forwarding service providers are not in isolation from the power of customers. It is therefore incumbent upon freight forwarders to always remember that customers are the life-wire of their existence as business entities. Customer satisfaction defines the kind of judgment or feeling which customers exhibit as a result of patronizing one's products or services.

In defining Customer loyalty, Anderson and Jacobsen (2000) say customer loyalty is the product of a situation where a firm creates some sort of benefit for its clients just so they will keep them around to continue doing business with them. In the freight forwarding industry, Ahmed et al. (2020) discovered a direct positive influence of relationship quality on customer loyalty. Studies has established a mediating role of customer satisfaction on the effect of service quality on service loyalty.

The Consignor (buyer or importer), the carrier, the freight forwarder and the consignee (seller or exporter) are the main contractual parties in the transportation of goods (Akhmetshin & Kovalenko, 2018; Baluch, 2005). The main customers of freight forwarders in international trade business are shippers (Cain, 2014).

A shipper in the contract of carriage can either be the consignor or the consignee, or both. International trade, made up of importation and exportation can be very daunting, therefore importers and exporters use the services of a freight forwarder to handle their freight transportation ordeals so that they can focus more on their main businesses (Swinburne, 2019).

It is a common place that freight forwarders are regarded as persons or firms responsible for the arrangement of shipments on behalf of their customers from origin to destination. They play various roles while satisfying their customers' demand making them earn various names such as Global Logistics Providers (GLP), Non-Vessel Owing Common Carrier (NVOCC), Multimodal Transport Operators (MTO) and Logistics Integrators among others.

They are also regarded as the primary intermediary in cross-border trade and transportation (Bagyalakshmi & Karthika, 2015; Lu, 2013; Markides & Holweg, 2006; Perlman & Moshka, 2009). According to Langley & Capgemini Consulting (2015), shippers' knowledge of cargo carriage has improved over the years.

The stiff and hefty competition that exist in freight forwarding business today put shippers under intense pressure to make critical decisions regarding their shipment especially when it comes to selection of freight forwarders for their shipments.

Critical aspect of this decision is consideration for freight forwarders service quality dimensions including; accuracy of documents, no damaged goods, staffs' knowledge and expertise, innovative services, adherence to committed schedule, sufficient network of agents, regular visits, courtesy (Banomyong & Supatn, 2011; Mudunkotuwa & Gamachchige, 2017; Subhashini & Preetha, 2018). Other considerations include ambience, proximity, financial commitment, information management as well as reputation.

According to studies by Perlman & Moshka (2009) and Markides & Holweg (2006), components that make shippers satisfied with freight forwarders may vary because there are wide range of services provided by freight forwarders and these services somehow define what they do to the customers (shippers). However, it is imperative that freight forwarders carve healthy and mutual understanding among their customers to achieve customer satisfaction and loyalty.

The forwarder must endeavor to appreciate the flow of shippers' demands or needs to maintain a healthy partnership leading to satisfaction. Securing and maintaining shippers' information from the beginning to the end of shipment is a key quality shippers may want to see in their appointed freight service provider. This calls for the needed investment into right technologies and software on the part of freight service providers to facilitate information management in terms of interaction with customers and even potential ones.

Data security and maintenance in the shipping environment is pivotal for shippers. No wonder Pearlman (2009) found out that proper information management constitute good service quality. Shippers by themselves may not accompany their goods onboard the vessels, aircraft, train or truck, it is the shipping information that moves with the cargoes.

Meanwhile, it appears there is paucity of literature specifically on information management in freight forwarding and its semblance influence on shippers' satisfaction and loyalty.

This paper therefore seeks to examine the effect of freight forwarders' information management on shippers' satisfaction and loyalty. The paper aims to provide answers to the following research questions: first, what is the state of information management of Ghanaian freight forwarders and second, what relationship exist between freight forwarders' information management, customer satisfaction and loyalty in Ghana. The remaining sections of the paper are organized as follows; Methods measures, Discussion of Results, key findings, conclusions, recommendation and directions for future studies.

METHODS AND MEASURES

This paper used a survey questionnaire to collect data from shippers who happens to be main clients of freight forwarding services providers in Ghana. Qualtrics, the leading experience management software was used to administer the survey yielding overall valid responses of 294. The survey questionnaire was designed using already validated constructs from previous research works and were anchored by a strongly disagree/agree five-point scale. measurement items for Information management (My freight forwarder has an informational corporate website, my freight forwarder has e-booking and online pricing facility, and so on was adapted from past studies. The Shipper satisfaction (SSAT) construct used seven (7) statements such as compared to other freight forwarders, I know my freight forwarder gives me high quality service. Also, five (5) Shippers loyalty (SLO) items were drawn and modified from (Famiyeh et al., 2018; Herold, 2015) as follows; I will say positive things about my freight forwarder. Respondents biographic data questions such as indicate the number of years your company has been in operation, which of the following best describes your company's business type, etc were drawn from past authors (Banomyong & Supatn, 2011; Markides & Holweg, 2006; Murphy & Daley, 2000; Yang, 2016).

DISCUSSION OF RESULTS

Results from table 1 indicate that, the outer loadings of all 18 items studied are above 0.5, with some much closer to 0.70, and 10 out 18 being above 0.70 indicator validity threshold (Durdyev et al. 2018). The study satisfies the Cronbach's alpha as well as the Rho_A values (Hair et al., 2013) which has been presented in table 1. The study passed the composite reliability test threshold of 0.70 (Wong 2013), a measure of internal validity, thereby making the measurement items rigor in terms of internal reliability. For convergent validity, Average Variance Extracted (AVE) for all the latent variables exceeded Hair et al.'s (2013) threshold of 0.50.



Table 1: The Measurement Model

Construct	Items	Loadings ^a	CA ^b	Rho_A ^c	CR ^d	AVE ^e
Information Management	IFM1	0.6781	0.8451	0.8555	0.8835	0.523
	IFM2	0.8271				
	IFM3	0.7778				
	IFM4	0.7555				
	IFM5	0.7660				
	IFM6	0.6398				
	IFM7	0.5876				
Shipper Satisfaction	SSAT1	0.6913	0.8182	0.8214	0.8688	0.5259
	SSAT2	0.7439				
	SSAT3	0.6499				
	SSAT4	0.7419				
	SSAT5	0.8158				
	SSAT6	0.6968				
Shipper Loyalty	SLO1	0.6703	0.7973	0.8176	0.8603	0.5539
	SLO2	0.6795				
	SLO3	0.8177				
	SLO4	0.8242				
	SLO5	0.7144				

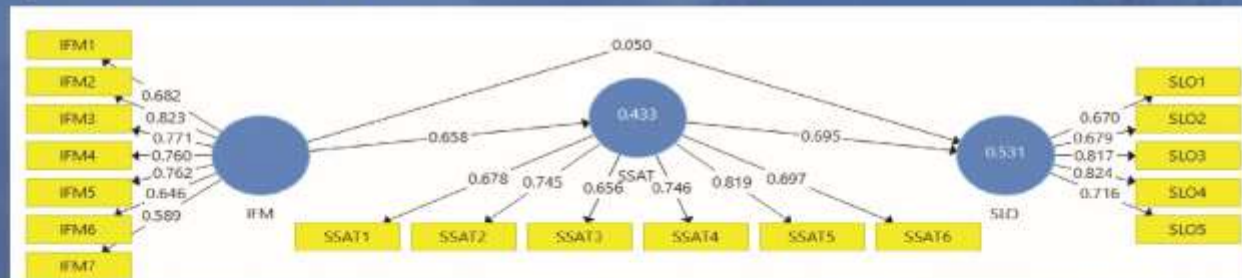
Note 1: ^aall items loadings \rightarrow 0.5 depicts an indicator reliability (Durdyev et al. 2018); ^b all Cronbach's alpha values \rightarrow 0.70 shows indicator consistency (Hair et al., 2013); ^c all Rho A values \rightarrow 0.5 indicate indicator reliability (Memon and Rahman, 2014; Hair et al., 2013); ^d composite reliability (CR) values \rightarrow 0.70 indicates internal consistency (Wong 2013).; ^e Average Variance Extracted [AVE] values \rightarrow 0.5 depicts convergent reliability (Hair et al., 2013).

Source: Field Survey, 2022



THE STRUCTURAL MODEL

Results from figure 2 represents the final Structural Equation Model of the study. The R^2 values expressed in percentages basically indicates the contribution of the endogenous latent variables towards the structural model. The structural model reveals that about forty-three percent (43.3%) of the variations in shippers' satisfaction is being accounted for by the freight forwarders information management while about 53% of the variability of Shippers Loyalty explained by Shipper's satisfaction. Cohen (1988) provides a threshold for interpreting R^2 values as follow; a 2% R^2 values indicates a small effect, 13% R^2 values is classified as medium effect while R^2 value of 26% can be termed as a large effect. To this end, the R^2 value of 43.3% for Shipper's satisfaction and 53% for Shippers Loyalty depicts a very large effects in the structural model.



Note 2: Information Management: Informational Corporate Website (IFM1), e-Booking and Online Pricing (IFM2), Access to Freight forwarders Info. Tech (IFM3), Reliable Information (IFM4), Produce status reports Independently (IFM5), Create Customs Classification Database (IFM6), Keeps Customer information confidential (IFM7). Shipper Satisfaction: High Quality Services (SSAT1), Satisfied with Service Delivery (SSAT2), Delighted with Services (SSAT3), Feel relaxed clearing goods (SSAT4), Overall happiness (SSAT5), Makes all processes known (SSAT6). Shipper Loyalty: Say positive things (SLO1), Keep Close relationship (SLO2), Consider self-loyal (SLO3), Would remain with freight forwarder (SLO4), Will recommend (SLO5)

Figure 1: Structural Model showing the Relationship between freight forwarders information management, Shippers Satisfaction and Loyalty.

Source: Field Survey, 2022

Table 2: Decisions and Conclusions on study hypotheses

Research Hypothesis	Exogenous variable	Endogenous variable	Path	Estimate	P Values	Decision
Hypothesis 1	IFM	SSAT	→	0.334	0.001	Reject H_0
Hypothesis 2	SSAT	SLO	→	0.728	0.000	Reject H_0

Source: Field Survey, 2022

KEY FINDINGS

Based on the results from table 2, we reject H_0 of hypothesis 1, since $\beta = 0.334$, P-value = 0.001 is less than $\alpha = 0.10$. We therefore conclude that all the Information Management (IFM) attributes considered in this study namely; availability of informational corporate website, e-booking and online pricing, shippers ability to access or interface with the freight forwarder's information technology, reliability of freight forwarder's information systems, shippers ability to produce status reports, customs classification retention as well as keeping of Shippers information

confidential has a direct positive impact on Shippers Satisfaction (SSAT). Mudunkotuwa & Gamachchige [2017], Perlman & Moshka [2009] and Subhashini & Preetha [2018] are some of the authors who named these items as crucial elements that determines shippers choice of freight forwarders. This study has therefore contributed to existing debate on the subject with 90% confidence level that IFM construct is critical for the choice of freight forwarders and further exerts positive influence on shipper's satisfaction of shippers using the services of freight forwarders operating in Ghana. To enhance

freight forwarding business in Ghana, critical attention and investments must be directed towards the building of a formidable information management systems like ERPs, and informational corporate websites. Customers must continuously be assured of the confidentiality of their information. According to table 2, there is an indication of a smaller p-value of 0.000 than the alpha-value of 0.10. Hence, we reject H_0 and conclude that, Shipper's satisfaction has a direct positive relationship with loyalty. In Famiyeh et al. (2018), this relationship was confirmed with $\beta = 0.8377$, p-value = 0.000), thereby satisfying their H_2 . Similarly, in Mosahab et al., (2010), correlation indices of satisfaction and loyalty variables resulted in a significant positive linear relationship. Hypotheses testing was conducted at 0.10 level of significance throughout the study

CONCLUSIONS, RECOMMENDATIONS AND DIRECTION FOR FUTURE STUDIES

The paper joined the arguments around the drivers of customer satisfaction and loyalty in the maritime and port industry using primary data from shippers who patronize the services of freight forwarders operating in Ghana.

Based on the result of the analysis, the following conclusions were drawn. The study establishes a conclusion with 90% confidence level that, shippers patronizing the services of freight forwarders in Ghana do not take information management capabilities of Ghanaian freight forwarders lightly, they seriously regard them as critical factors when hiring a freight forwarder for shipment. The study result has shown that, there exist a significant positive influence of freight forwarder's information management on the Shippers satisfaction.

Finally, results of this study have shown that, Shipper's satisfaction has a direct positive relationship with Shipper's loyalty. Based on the key findings, a plethora of recommendations has been given out for both business and the scholarly communities as follows; investment into information management tools for the ports and maritime industry can potentially yield customer satisfaction and improve sales

volumes. Freight forwarding companies are required to own, keep and management informational corporate website, e-Booking and Online Pricing facilities, provide reliable information to clients, keeping shippers' information confidential as these are non-negotiable elements for customer satisfaction in the ports and maritime industry.

A good customer care and relationship management should be a daily pill for freight forwarding firms, through the enforcement of politeness and courtesy of every employee of the freight forwarder's firm. Future studies could improve number of variables considered to include several of others and possibly look out for principal information management components for achieving shippers' satisfaction and loyalty.

REFERENCES

Full reference available on www.giffghana.com, may be requested also from the GIFF Research Hub via research@ghanafreightforwarders.org

