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EDITOR'S NOTE

In December 1963, the United Nations General Assembly adopted a resolution to explore ways and means of supporting national efforts for the eradication of illiteracy, through a world campaign, and any other appropriate measures, both financial and non-financial. Following this resolution, UNESCO convened a number of regional conferences to study the problem of illiteracy in different countries. In April, 1961, it convened an International Committee of Experts on Literacy, which suggested the selective approach that would launch literacy programmes in organized sections of the economy, particularly in such areas where people in employment would need literacy for their regular work. The implication was that national development plans embracing economic and general educational considerations should include programmes for functional management.

The concept of Functional Management was thus formulated within a context in which the world was ready for a new approach to literacy. Its historical roots portray it as born by the necessity for urgent development. This places functional literacy in the position of endearment to all developing countries as a method of promoting adjustment to desirable change, so that all peoples in a development situation may grow to become the agents and the objects of their own development.

One of the great aims of functional Management make its adherent a better of what he is. Thus its adoption helps anybody engaged in any development-oriented work to become more competent and better equipped for his work. Thus the farmer, artisan, industrial worker, trader, teacher, office worker and, in fact, anybody a development situation, all require functionality to become better able to perform their tasks. The fact is that the recasting of the modes of functioning in a modern economy, the creation of a new mentality, the process of adaptation to the industrial environment and the ability to meet its technical demands, all require some level of functional Management.

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ANALYSIS OF THE IMPACT OF FREIGHT FORWARDING IN SHIPPING INDUSTRY IN NIGERIA.

By

AJIBOYE, ARAOYE OLARINKOYE

ABSTRACT

The aim of this paper was to identify the impact of freight forwarding in shipping industry in Nigeria and it was based on the use of both descriptive and analytical approaches while the chi-square (χ^2 - distribution) is used in testing the hypothesis. The paper is divided into five parts in which part one formed the introduction to this work and part two discusses the views of different authors, scholars and publishers as they contributed to freight forwarding in shipping industries. Part three deals with research methodology which revealed the techniques used in collecting and analyzing data while part four shows how the data obtained were presented, analyzed, and interpreted while part five concluded the paper with some recommendations.

1.0 INTRODUCTION

The Influence of transport pervades every facets of the society. Its domineering role in the economic sector cannot be relegated to the background. Transport has been copiously defined by experts various terms. Ajiboye and Afolayan (2009), described transport as the physical conveyance of people and luggage from where they are presently to wherever they would like to be.

Transport is a combination of network of traffic system in the service of freightment. This network of traffic system covers land, sea and air. Transport therefore is an economic useful and satisfactory utility in usage. It useful and satisfactory qualities land support to its demand. Its demand however is derived from the demand for other things.

Transport is the pillar to all other economy sectors but yet, it is a derived demand i.e. it does not demand for it own sake, but rather the service it render. According to Esedebe (1995) freight forwarding profession in Nigeria is a body licensed by the board of customs and excise to act on behalf of the importer/exporter on all matters reaching to customs and excise management Act 2, section 135 to 136. He also emphasize that a, freight forwarder may therefore be described as someone who acts for the owners of cargoes in the forwarding and consolidation of shipments and subsequent carriage

Before the independence era, shipping was identified as a major source of earning of importance just as banking or the insurance. Based on this, the Nigerian National shipping line was established in 1958. An attempt was latter made in 19862 to regulate shipping activities in Nigeria by vide merchant

neither provide significant for increase indigenous participant in shipping nor represent the aspirations of Nigeria as a sovereign nation.

A major element that is affecting the efficient and effective operation of the freight forwarding industries is the present of poor education of low or mid level staff within the custom clearance department of transport provide/freight forwarder's office, may result errors being made in the completion of custom document, which lead to delay in the clearance of cargoes.

More so, customs procedures are complex procedure for clearing cargoes can be tedious and time-consuming numerous stamps or signatures required at various wicket or at different places where there are usually long queue.

The overriding aim of this research is to analyze the concept of freight forwarding and its contributions to the shipping industry. This paper seeks to investigate and measure the impact of freight forwarding in Nigeria economic despite the factors militating against its productivity.

1.1 RESEARCH HYPOTHESIS

The following hypotheses were formulated. Namely:

Hypothesis 1: The hypothesis was designed to tests whether the freight forwarders are productive in maritime industry.

Hypothesis 2: The hypothesis was designed to test whether process of documentation cause delay in delivery of cargoes.

1.2 LITERATURE REVIEW

The exchange of goods and services among the countries of the world with specialization in the areas in which a country has comparative advantage is known as international trade according to Faulks (1999). Apparently, freight forwarders are also potential partners in assisting buyers, and sellers in the development for their total physical distribution on chain. They assist in bridging the gaps between the consignor and consignee, thereby permitting the inflow and outflow of freight among places for the purpose of the exchange of goods and services, which automatically increase their productivity.

In a nutshell, freight forwarders are activated catalyst in facilitating the flow of freight from the origin to destination according to Badejo (1998). Hence, this help in balancing the uneven distribution of natural endowments. They also assisting fostering unit among the shippers. Furthermore, freight forwarder or non-vessel operating common carriers are integrator freight traffic generation and attraction in the sea or ocean transport and care now becoming more important and relevant to the nation economy. These agents are directly responsible in the different process of distribution of goods from consignor, via the shipping line, the port authority, the customs and finally to the consignee of the goods. In the performance of their duties, freight forwarders act in consonance with the customs, immigration and officials of the port authority based on their conditions.

Adikea (1995) contribution states that the freight forwarders are non-vessel operating multimodal transport operators who provides the link among the seller (consignor) of the cargoes the owner of the transport (vessel operating multimodal transport operator) who conveyed the cargoes, the custodians of the cargoes (e.g. Nigeria Port Authority) and other body such as Nigeria Custom and the buyers (consignee) of the cargoes.

Afolayan (2007) observed that freight exists due to the demand while maritime transport depends on cargoes which require transfer from lower utility of place. In other words transport creates utility of place and adds marginal value at the place of consumption. Thus transport is not consumed by itself rather it depends on other social, political, military or strategically needs that link cities to cities and countries to countries while it is internationally binding.

He further recognized freight as dumb cargoes and as a result, it should be properly managed. As follows, cargoes are highly differential in physical attributes and tolerance, giving rise to specialization of handling and the development of an intelligent system to manage essentially dumb cargoes. Passengers as well as comprise, are intelligent commodities, give rise to a transport management system that counts on the cargoes, knowing also where that are going.

Freight forwarding industry according to Abiola (2007) is one of the fundamental service sectors of Nigeria's national economy. Indeed, the industry has since independence been playing a pivoted role in ensuring that government policies on import or fiscal and exchange policies are realized. The freight forwarding industry has been under serious strains, pressure, and disillusion for the past decade, thereby performing below expectation.

Spencer (1966) defines freight management as the art of planning, organizing and controlling of all move-store activities that facilitate product flow from the point of raw material acquisition to the final consumption and of the attendant information flow.

Afolayan (2003) quoted UNCTAD, in their discussion on the contractual relationship between the principal (shipper) and the agent (non-vessel operating Multimodal transport operator) on one hand, and the contractual relationship between the agent (non-vessel operating multimodal transport operator and the sub agent (vessel – operating, multimodal operator on the other hand states that, in order to establish a total distribution services, both the principal (shipper) and the agent (non-vessel operating multimodal transport) may decide to negotiate a contract which might be quite simple or more elaborate, depending on the importance in terms of quantity, volume of value of the operations to be performed over a given period. Such contacts might cover special arrangements, regarding the quality and availability of transport, handling and storage facilities, as well as the information management transport operator.

Ajiboye and Afolayan (2009) observed that management gains overall control of its inventories through simplification and standardization of products, materials and tools, maintaining inventory records and furnishing data for accounting, planning and determining total inventory requirements to meet the needs of production and sales: procuring the required quality of items in the proper quantities and at the right time, controlling the storage and issue of material and tools and the flow of cargoes in process; conserving and substituting materials and suppliers, particularly during periods of scarcity.

Branch (1986) reveals that a bonded – warehouse is under customs surveillance and houses dutiable cargoes such as spirits, carpets or tobacco which may be stored on importation and withdrawn at the importer's convenience on payment of relevant duty. The importer, before the withdrawal of the cargoes, is paying the customs duty on important cargoes. This assists the consignee to import substantial quantities of highly dutiable cargoes to reasonable prices.

Thus, two types of warehouse are available for the covered storage of imported cargoes according to Adesanya (2007). They are the general and the bonded warehouse. Both are situated outside the port working area. This imposes the minimum interference to the smooth flow of cargoes from the ship working area to clearance of the dock gate.

Robinson (1997) observed that it will be apparent that series of activities may be involved before commodities produced from field, forest, factory or mine finally reach the destination. To these activities, it has become customary in more recent years to apply the term physical distribution. The purpose of these manifold activities is to bridge geographical distances, impediments and hazards between the consignor and the consignee. He also emphasizes that transport and distribution on functions should be considered as one.

The aim of such strategy is basically and simply to minimize as far as possible the operating costs. The strategic plan must consider the total distribution operation and device a working system that will effect the most efficient distribution at the least possible cost. He further enunciated that physical distribution is not merely a matter of moving cargoes from the place of origin to the consumer market. These are in fact, a considerable number of functions in the total distribution systems, which are transportation, storage, and handling functions.

However Schneider (2001), stated that physical distribution dances to the tune of consumer demand owing to the shifts in demand patterns. Traditional distribution techniques have becomes increasingly unsatisfactory from a cost and customer service standpoints. So an environment within business has been created in which new techniques and organizational pattern have a greater chance of acceptance.

1.3 RESEARCH METHODOLOGY

Primary and secondary data were the main sources of data collected. The primary method used for this research project is based on questionnaire consisting of a set question administered to various respondents in freight forwarding Services. One hundred and fifty workers were chosen randomly and this was to ensure that biased is totally rebuffed in the research while this was complemented with desk research where a careful study of related publications, articles, end of year report, lecture notes, seminars papers was embarked upon.

Descriptive and inferential analysis was adopted while the analyses were largely employed using the percentages. These were evaluated deductively and necessary observations drawn while the hypothesis were tested using the chi-square test.

1.3 PRESENTATION AND ANALYSIS OF DATA

This section deals with the analysis and interpretation of the sound and vital information offered by the respondents through questionnaire, which were administered to them. The demographic characteristics of the respondents were analysed. These include the sex pattern, marital status, age, and lengths of services of the respondents. 80% of the respondents are male and the rest 20% are female. This is so because of the nature of the job that requires physical strength to solicit for customers who want to export or import their goods from the port while 72% of the respondents were married and the remaining 28% were single. This implies that most of the respondents are responsible person with responsibilities to their families and will be more committed to their work.

The prime aim of this subsection is to identify the total age distribution of those who are below 20 years, 20-29 years, 30-39 years, 40-49 years and 50 years above respectively. From the analysis, there is no respondent that fall below 20 years and 20%, 28%, 36% and 16% of the respondents fall between ages 20-29, 30-39, 40-49 and above 50 respectively. This shows that most of the people involved as freight forwarders in Nigeria are mature in mind and age.

Furthermore, 40% of the respondents has put in between 15 and 25 years in service while 22% has served above 25 years while 20% of the respondents have served between 5-15 years and only 18% have served less than 5 years. This implies that most of the respondents are experienced freight forwarders and they know their job.

On the analyses of the level of education skilled of the labour force. 50% of the respondents were semi- skilled, 34% were unskilled and the remaining 16% were skilled labour. This shows that most people engaged in freight forwarding were semi-skilled labour while immobility of the respondents was also determined a determinant factor in lowering the productivity level of the respondents as only 22% of them were mobile.

1.4 TEST OF HYPOTHESIS

The chi-square (χ^2 - distribution) is used in testing the hypothesis that was earlier formulated. The χ^2 - distribution is a statistical distribution that can be used to test. If an observed series of values differ significantly from what was expected.

This is given as:

$$\chi^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

Where

χ^2 = Chi-square

O_i =Observed value

E_i =Expected value

The decision is to reject H_0 , if χ^2_T i.e. calculated value is greater than critical value and $\chi^2_T = (r-1) (c-1)$. In conclusion, 5% significant level is used.

Hypothesis, I: The hypothesis was designed to tests whether the freight forwarders are productive in maritime industry.

H_0 : freight forwarders are not productive in maritime industry.

H_1 : freight forwarders are productive in maritime industry.

TABLE 1: DECISION OF DISTRIBUTION OF FREIGHT FORWARDERS

O_i	e_i	$O_i - e_i$	$(O_i - e_i)^2$	$(O_i - e_i)$
3	2	1	1	0.50
9	6	3	9	1.50
8	12	-4	16	1.30
2	1.2	0.8	0.64	0.53
5	3.6	1.4	1.96	0.54
5	7.2	-2.2	4.84	0.67
0	1	-1	1	1.00
1	3	-2	4	1.33
9	6	3	9	1.50
0	0.8	-0.8	0.64	0.80
0	2.4	-2.4	5.76	2.40
8	4.8	3.2	10.24	2.13
Total 50	50			14.2

Sources: Authors Field survey, 2009

Computation of expected frequency (O_i)

$$\text{Agreed: } \frac{5 \times 20}{50} = 50, \quad \frac{15 \times 20}{50} = 6, \quad \frac{30 \times 20}{50} = 1.2$$

Strongly agreed; $\frac{5 \times 12}{50} = 1.2$, $\frac{15 \times 12}{50} = 3.6$, $\frac{30 \times 12}{50} = 7.2$

Disagreed: $\frac{5 \times 10}{50} = 1$, $\frac{15 \times 10}{50} = 3$, $\frac{30 \times 10}{50} = 6$

Strongly disagreed: $\frac{5 \times 8}{50} = 0.8$, $\frac{15 \times 8}{50} = 2.4$, $\frac{30 \times 8}{50} = 4.8$

No of observation = 4

E = Grand Total = 50

Degree of freedom = (r-1) (c-1)

= (3) (2)

df = 6

Therefore, critical value of χ^2_T at 0.05 level is 12.59

DECISION

Since the computed value 14.2 is greater than $\chi^2 (0.05) = 12.59$, I accept H_1 at 0.05 level of significant. Therefore, freight forwarders are productive in maritime industry.

HYPOTHESIS 2

The hypothesis was designed to test whether process of documentation cause delay in delivery of cargoes.

H_0 : Documentation cause delay of cargoes

H_1 : documentation causes no delay in delivery of cargoes.

TABLE 2: DECISION OF DISTRIBUTION OF DOCUMENTATION

Variable	Operation Department	Accounting Department	Personnel Department	Total
Agree	12	7	4	23
Strongly agree	10	6	0	16
Disagree	1	1	6	8
Strongly disagree	0	0	3	3
Total	23	14	13	50

Sources: Authors Field survey, 2009

Computation of expected frequency (O_i)

$$\begin{array}{l} \text{Agreed } \frac{23 \times 23}{50} = 10.58 \quad \frac{14 \times 23}{50} = 6.44 \quad \frac{13 \times 23}{50} = 5.98 \\ \text{Strongly agreed } \frac{23 \times 16}{50} = 7.36 \quad \frac{14 \times 16}{50} = 4.48 \quad \frac{13 \times 16}{50} = 4.16 \\ \text{Disagreed } \frac{23 \times 8}{50} = 3.68 \quad \frac{14 \times 8}{50} = 0.84 \quad \frac{13 \times 8}{50} = 2.08 \\ \text{Strongly disagreed } \frac{23 \times 3}{50} = 1.4 \quad \frac{14 \times 3}{50} = 0.84 \quad \frac{13 \times 3}{50} = 0.78 \end{array}$$

TABLE 3: DECISION OF DISTRIBUTION OF DOCUMENTATION I1

O_i	e_i	$O_i - e_i$	$(O_i - e_i)^2$	$(O_i - e_i)^2 / e_i$
12	10.58	1.42	2.02	0.19
7	6.44	0.56	0.31	0.05
4	5.98	-1.98	3.92	0.66
10	7.36	2.64	6.97	0.95
6	4.48	0.52	0.27	0.06
0	4.16	-4.16	17.30	4.16
1	3.68	-2.68	7.18	1.95
1	2.24	1.24	1.54	0.69
6	2.08	3.92	15.37	7.39
0	1.40	-1.40	1.96	1.40
0	0.84	-0.84	0.70	0.84
3	0.78	2.22	4.93	6.32
Total =50	50			24.66

Sources: Authors Field Survey 2009

Decision: Since the computed value 24.66 is greater than $\chi^2 (0.05) = 12.59$, the research accept H_0 at 0.05 level of significant. Therefore, process of documentation cause delay in delivery of cargoes

1.4 CONCLUSION

Expectantly, from the result of research findings, internal (domestic) factors external (environmental) factors had been identified as militating against the productivity of the industry. The internal factors include the followings: inadequate educated workforce, inflationary pressure, lack of motivation, lack of cost control and inability to utilize time effectively while the external factors militating against the productivity of the industry are weak economic environment and administrative constraints and inconsistency in

government policies, social and political instability and volatile industrial relation climate.

The negative outcomes of the above stated problems (internal and external problems) result in severed depreciation of the value of the naira, low capacity utilization, rising costs of production, unsustainable level of unemployment, weak domestic demand, federal government deficit, high interest rate, growing domestic and external public debt stock, low per capital income and falling productivity in the industry often result into termination of employees by the production sectors of economy while the internal and external factors can be put under control through optional use and management of resources couple with the application of effective measures such as, revitalization, repositioning, restructuring etc. to resolve today's problems.

In conclusion, a critical appraisal of the productivity of the industry together with the responses of the respondents within the industry signified that the average output or productivity of the industry is low. However, despite the decline in the average output or productivity of the organization as a result of internal and external problems militating against its operation, the industry can be revived from economy depression and contraction by strictly adhere to effective measures and survival strategies through proper resource management. In addition, the industry should increase and intensify its research and development efforts with a view to strengthening their local and national linkages.

However the industry should develop the human resource management and employment of professional while the staff should be allowed to undergo additional training which in turn will be useful to the shipping industry. The issue of putting the square peg in round hole should be avoided for the progress of the industry while prompt clearance of cargoes can be achieved if "just – in – time" (JIT) concept is applied to all documentation and operation. The industry should have a research department which will mainly specialised and look at all matter that are affecting the maritime industry in Nigeria while the staff(s) should be well treated.

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