

COST CONTROL STRATEGIES IN FREIGHT FORWARDING: A STUDY FROM EURO EXIM

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ABSTRACT:

The study focuses on analyzing the strategies of cost control in Euro Exim at freight forwarding industry. It is a leading logistics company based in Tirupur, Tamil Nadu. Cost management become a vital for ensuring profitability, efficiency in operation and long term sustainability. The study focuses on major cost elements which is involved in freight forwarding operations. It examines the method used by Euro Exim to control their expenses. A descriptive research method was followed and data were collected from employees across departments using a structured questionnaire. Percentage analysis, Chi-square test, Correlation and ANOVA are the statistical tools used to interpret data. The finding shows that transportation constitutes the highest cost components. Euro Exim follows many cost control strategies like route optimization, budget planning, and technology adoption. Their implementation varies from departments to departments. Key factors that identified were employees cooperation, technological advancements, and training were identified as the key factor that influences cost control. It concludes with investment in automation, systematic monitoring, and employee engagement can improve the performance and efficiency in operational in freight forwarding companies.

Key words: Cost control, Freight Forwarding, Financial Efficiency, Euro Exim, expense management.

INTRODUCTION:

The freight forwarding industry plays a vital role in international trade and seamless movement of goods across markets. It as an intermediaries between the importers and exporters. They manage every stage of shipment from getting customer, from documentation and custom clearance to warehousing and final delivery. In global economy these sector has become increasingly competitive, driven by factors such as e-commerce expansion, rising customer expectation, and fluctuating operational costs. In this domain must continuously enhance efficiency, minimize expenses and maintain good service quality to remain sustainable and profitable.

Cost control is a critical component of strategic management within the industry. It refers to the systematic monitoring, regulating, and reducing expenses compromise in service quality or operational reliability. Optimal resource utilization, improved profitability, and enhanced financial stability which ensures the cost control. Industry deals with many several cost elements such as transportation, warehousing, packaging, administrative expenses and customs documentation each significant influences the company's overall

financial performance. Hence developing and implementing efficient cost control strategies is essential for maintaining and achieving long term growth.

STATEMENT OF THE PROBLEM:

For maintaining profitability and efficiency the cost controlling operational costs plays a major role in highly competitive freight forwarding industry. In freight industry the biggest challenges is fluctuating freight rates, rising fuel prices, customs delays, and inefficient logistics process. It leads to significant increase in costs in the company. Euro Exim services limited, it is a growing player in this sector, this most adopt effective cost control strategies to remain competitive and meet client expectations. However, cost is managed within the organization create a gap in understanding the effectiveness of existing practices.

REVIEW OF LITERATURE:

Ramachandran & Mayur S. Nakhava (2018) The study highlighted the major issues and challenges in the logistics industry, focusing on the interplay of infrastructure, technology, and services that help reduce transportation cost and time. It analyzed challenges in transport, port management, storage infrastructure, and technology adoption, emphasizing the need for integrated logistics development to enhance efficiency and customer satisfaction.

Dr. V. Sivakumar & M. Suganya (2015) This study explored the concept of multimodal transportation, where one operator coordinates the complete movement of goods from the shipper to the consignee. It emphasized efficiency, cost-effectiveness, and smooth flow of goods through optimal mode selection. The research also provided insights for freight forwarders and third-party logistics providers to enhance service quality and operational decision-making.

Herbert Kopfer (2014) Kopfer's research proposed collaboration among small and medium freight carriers to reduce operational costs through resource sharing. The study introduced horizontal coalitions, where carriers exchange customer requests and synchronize transshipment points to increase transport efficiency. It demonstrated that cooperative logistics networks can significantly lower costs and improve service reliability

K. Parimala (2014) The paper focused on supply chain management in India, emphasizing efficiency improvement and infrastructure development. It discussed major investments in rail, road, air, and port logistics that aim to strengthen integrated logistics service delivery. The study highlighted that enhanced SCM practices and technology can greatly reduce logistics costs and improve national competitiveness.

Shefali Tiwari (2013) Tiwari emphasized the importance of logistics and shipping in international trade operations. She explained that knowledge of transport modes, routes, and transshipment helps exporters and importers make profitable shipment decisions. The study also noted the regulatory role of the Bureau of Industry and Security in ensuring compliance for dual-use commercial goods.

Objectives:

- To analyse the key cost components involved in freight forwarding operations and overall expense management.
- To examine the current cost control techniques and practices implemented within Euro Exim’s operations.
- To identify the major challenges faced by Euro Exim in applying effective cost control measures.
- To assess practical improvements that can enhance Euro Exim’s cost control systems and operational efficiency.

RESEARCH DESIGN:

This study employs descriptive research approach to analyze the cost control strategies implemented at Euro Exim. To ensure comprehensive analysis, the study utilizes Population Sampling, incorporating all 75 employees for a holistic view of workplace satisfaction and retention trends. Data was collected through a structured questionnaire covering key factors such as salary, work-life balance, career growth, and management support.

DATA ANALYSIS TOOLS:

- Chi square
- ANOVA
- Correlation Analysis

ANALYSIS:

CHI-SQUARE

Table 1: To Find out the relationship between Years of experience and Area contribution.

Null Hypothesis (H₀): There is no significant association between Years of experience and Area contribution.

Source: Primary data

| | Value | df | Asymptotic Significance (2-sided) |
|------------------------------------|--------------------|----|-----------------------------------|
| Pearson Chi-Square | 7.321 ^a | 9 | 0.604 |
| Likelihood Ratio | 8.865 | 9 | 0.450 |
| Continuity Correction ^b | 0.105 | 1 | 0.746 |
| Linear-by-Linear Association | 0.231 | 1 | 0.631 |
| N of Valid Cases | 75 | | |

INTERPRETATION

The Pearson Chi-Square value is 7.321 with a significance of 0.604, above the 0.05 threshold, indicating no significant association between years of experience and perceptions of freight cost contributors at Euro Exim.

This suggests that employee experience does not strongly influence which areas are considered most impactful on costs.

ANOVA

Table 2: To find the difference between the Age and Years of Experience.

Null Hypothesis (H₀): There is no significant association between Age and Years of Experience.

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|----|-------------|--------|------|
| Between Groups | 14.608 | 3 | 4.869 | 57.832 | .000 |
| Within Groups | 5.978 | 71 | .084 | | |
| Total | 20.587 | 74 | | | |

INTERPRETATION:

The ANOVA test between Age and Years of Experience at Euro Exim shows an F-value of 57.832 with a significance of 0.000, which is less than the standard threshold of 0.05. This indicates a statistically significant difference in years of experience across different age groups.

CORRELATION:

Table 3: Relationship between cost control strategies, cost elements reviewed and cost control technique like route optimization.

Null Hypothesis (H₀): There is no significant association between cost control strategies, cost elements reviewed and cost control technique like route optimization.

| | | | Do you currently follow any cost control strategies? | How often are cost elements reviewed ? | Do you follow any cost control technique like route optimization? |
|----------------|--|-------------------------|--|--|---|
| Spearman's rho | Do you currently follow any cost control strategies? | Correlation Coefficient | 1.000 | .052 | -.055 |
| | | Sig. (2-tailed) | . | .658 | .636 |
| | | N | 75 | 75 | 75 |
| | How often are cost elements reviewed? | Correlation Coefficient | .052 | 1.000 | -.349** |
| | | Sig. (2-tailed) | .658 | . | .002 |
| | | | | | |

| | | | | | |
|---|-------------------------|---|-------|---------|-------|
| | | N | 75 | 75 | 75 |
| Do you follow any cost control technique like route optimization? | Correlation Coefficient | | -.055 | -.349** | 1.000 |
| | Sig. (2-tailed) | | .636 | .002 | . |
| | N | | 75 | 75 | 75 |

SOURCE: Primary Data

INTERPRETATION:

The Pearson Correlation coefficient between the frequency of reviewing cost elements and the use of cost control techniques like route optimization is -0.349, with a significance value of 0.002. Since the p-value is less than 0.05, the correlation is statistically significant. This indicates a moderate negative relationship, suggesting that teams that review cost elements more frequently tend to rely less on route optimization.

SUGGESTION:

Conduct regular training programs to improve the awareness and practical understanding of cost control strategies. Introduce many technologies like advance ERP and cost analysis tools to strength cost monitoring and data accuracy across departments. Reduce unnecessary expenses at Euro Exim by reviewing budgets monthly and quarterly to ensure better financial control. To reduce manual errors and improve accuracy expand the automation in all operations. Invest in updated technology and software to streamline supplier reviews, route planning, and cost reporting. Improve coordination with vendors and service providers to achieve better and service consistency. Optimize transportation routes and negotiate with logistics partners to minimize the highest cost component in Euro Exim’s operations. Introduce new techniques and performance based incentives and motivate employees toward achieving the measurable cost savings. Focus on long term sustainability in cost in Euro Exim by balancing short-term reductions with continuous improvement and innovation.

CONCLUSION:

The study on “Cost Control Strategies in Freight Forwarding: A Study from Euro Exim” concludes that effective cost management plays a vital role in ensuring the financial sustainability and operational efficiency of freight forwarding companies. The findings reveal that while transportation remains the major cost component, significant progress has been made in implementing structured cost control measures across various departments. Euro Exim demonstrates a commendable commitment to cost efficiency through the use of technology, regular cost reviews, and the adoption of ERP systems. However, challenges such as employee resistance, limited experience among staff, and partial automation hinder the full realization of cost-saving potential. The study highlights that continuous employee training, technological upgrades, and improved coordination between departments are crucial for overcoming these barriers. Furthermore, the statistical analysis confirms that systematic cost control practices directly contribute to profit growth and organizational

performance. Overall, Euro Exim's approach reflects a growing awareness of cost optimization as a strategic tool for competitiveness, customer satisfaction, and long-term profitability in the dynamic freight forwarding industry.

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