



Exploring Survival Strategies of Local Small and Medium Size Freight Forwarding Companies in Blantyre, Malawi

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ABSTRACT

Small and medium-sized freight forwarding companies in Blantyre, Malawi operates in a competitive market. This qualitative study aimed to explore the business survival strategies of small and medium-sized freight forwarding companies in Blantyre, Malawi. The participants in this study were eight owner-managers of small and medium-sized freight forwarding companies in Blantyre who were selected using purposive sampling. Owner-managers of small and medium-sized freight forwarding companies who participated in this study had businesses which survived for more than five years on domestic and international freight market. Data were collected using individual and in-depth interviews with owner-managers of small and medium-sized freight forwarding companies to identify and evaluate business strategies which they adopt to compete and survive on the domestic and international markets. Interview data were transcribed and analysed using thematic analysis to identify broad themes which reveal a variety of business survival strategies used by small and medium-sized freight forwarding companies in Blantyre, Malawi. The study found that owner-managers of small and medium-sized freight forwarding companies were using five different business strategies to compete and survive on the logistics market. These business strategies include the (1) managing of operating costs and pricing, (2) entrenching risks-management practice, (3) offering digital, innovative and customized service, (4) reliance on strong networks and partnership strategy and (5) the pursuit of differentiation through customer service. Furthermore, owner managers evaluated the building of relationships with customers, embracing digital transformation and primacy of risk management as the most effective business strategies for them to compete on the international and domestic market. It is essential for SME freight forwarding companies in Blantyre to keep up with technological advancements to remain competitive in today's digital age although they currently lack financial resources and affordability of technology. It is recommended that owner-managers of small and medium-sized freight forwarding companies in Blantyre focus on building and sustaining these business strategies if they are to compete and survive.

While the findings are useful for prospective and current owners of small and medium-sized freight forwarding companies to enhance business success and compete on the markets, it is important to highlight that the findings are not generalizable, but only transferable to similar context. Areas for future research are highlighted.

1. INTRODUCTION

Logistics in Malawi plays a key role in facilitating international trade through inbound logistics, outbound logistics and reverse logistics. As these three logistics flows influences the business strategy for a logistics company, it is very important for owner-managers of SME logistics companies in Malawi to specifically understand the nature, dynamics and consequences of port rivalry, structure of the logistics market and dominance of foreign and international logistics providers. The structure of the logistics market in Malawi is characterized by the dominance of foreign transporters and a small number of domestic operators which affects the survival of SME logistics companies. Given the low investment in rail and low air cargo originating from Malawi, road freight is an integral part of logistics services covering transport operators, distributors, freight forwarders, customs and border agencies and shippers in Malawi.

1.1 Main research objective

The overall objective of this qualitative study was to explore the nature of business strategies adopted by local SME freight forwarding companies operating in Blantyre in Malawi to compete and survive on the logistics market.

1.2 Significance of the study

This study is significant as it provided insights for owner-managers of local SME freight forwarding companies to understand the nature of strategies which are more effective if they are to provide desired customer and survive on the market. The study is also valuable to policy makers in the area of logistics and trade as it provides insight on the type of support which may be necessary for local SME freight forwarding companies not only to survive, but also grow on the market. Lastly, the study is important to academics as it integrates the entrepreneurial aspects and business strategy of local SME freight forwarding companies in the provision freight forwarding service delivery.

2.0. LITERATURE REVIEW

The literature review in the study clearly provided the origin and different meanings of strategy before unpacking the nature of emergent and deliberate strategies. It is elaborated that there are different levels of strategies and that competitive strategy refers to how a business competes in market to survive. Companies such as local SME freight forwarding companies in Malawi choose competitive strategies and business models which may help them survive or succumb to competition on the market. The review also discussed the concept and components of the business model and how various elements can be improved or changed as part of business model innovation. As the business environment is changing, it is important that Local SMEs freight forwarding companies in Malawi innovate their business model but also deliver services which satisfy customers. The LSQ is very insightful for researchers of Local SMEs freight forwarding companies in Malawi to identify and evaluate effective or ineffective business strategies being adopted on the logistics market.

The review also delves into Porter's business strategies of low cost, differentiation, and focus. These strategies highlight different approaches that businesses can adopt to gain a competitive advantage in the market. The review emphasizes that local SME freight forwarding companies in Malawi must carefully choose and implement these strategies to survive and thrive in a competitive market. For instance, they may opt for a low-cost strategy by focusing on cost optimization and efficiency to offer competitive prices to customers. Alternatively, they may pursue a differentiation strategy by focusing on unique services or specialized expertise to stand out from competitors. Lastly, they may adopt a focus strategy by targeting a specific niche market or geographic segment. The literature review highlights the importance of considering these different business strategies in the context of the local SME freight forwarding industry in Malawi, and how they can be leveraged as part of business model innovation to deliver services that satisfy customer demands in a changing business environment.

3.0. RESEARCH METHODOLOGY

This study used a qualitative exploratory approach to which utilizes the method of subjective assessment of opinions, behavior and attitudes. This approach uses techniques like in-depth interviews, focus group interviews, and projective techniques (Dr. J. Mexon J &, Kumar A,2020). The study used the qualitative research approach as it sought to explore the survival strategies of freight forwarding companies and gained insights into the challenges and opportunities facing the industry, as well as effective strategies for adapting to a rapidly changing business environment.

3.1. Research strategy

This qualitative and exploratory study sought to get the subjective views of reality regarding the survival strategies used by local SMEs freight forwarding companies based in Blantyre according to the owner-managers. Owner-managers in a SME are key as they have an over-view or birds' eye of the business activities to be in a better position to elaborate the nature of business strategies which they use and those that are key for business survival on the market.

This study was conducted in the city of Blantyre. Blantyre is a city located in the southern region of Malawi, in the Shire Highlands. It is the second-largest city in the country after the capital, Lilongwe, and is considered a major commercial hub. The city has a population of over one million people and is home to many businesses, including a good number of freight forwarding companies.

As a commercial city, Blantyre is characterized by its vibrant economy, with many small, medium and large businesses operating in the area. The city's strategic location along the M1 highway, which links Malawi to Mozambique and South Africa, has contributed to its status as a major commercial center in the region.

In terms of freight forwarding companies, Blantyre has a good number of such companies that offer logistics services to businesses and individuals in the city and beyond. These companies play a crucial role in the transportation of goods, both domestically and internationally, and play a crucial role in the city's economy.

3.2. Target Population

Target population represents the entire population of the group that the researcher intends to examine, hence in every researcher must define this group (Carrie and Kevin (2014). In this study, the target population includes freight forwarding companies located in Blantyre city. Target population is 150 registered freight forwarding companies in Malawi. In Blantyre city alone, there is a total of 46 freight forwarding companies identified.

Small and medium enterprises (SMEs) are businesses that have relatively fewer employees and less revenue than larger companies. The exact definition of SMEs can vary depending on the country and industry. In Malawi, SMEs are defined by the Ministry of Industry, Trade and Tourism (2016) as businesses that have an annual turnover of up to MK 200 million (approximately USD 250,000) and employ up to 100 people.

3.3. Sampling Technique

In this study, purposive sampling technique was used with a focus on the strata of owner-managers in the identified local SMEs freight forwarding companies. Purposive sampling is a non-probability sampling technique used in research to select participants based on specific criteria or characteristics that the researcher wants to study. Also known as judgmental sampling, selective sampling, or subjective sampling, this sampling method involves selecting individuals who possess certain traits, qualities, or experiences that are relevant to the research question (Creswell,2014).

Owner-managers are the focus of this study because they are leaders of the SMEs that they set the direction and strategies to survive in a volatile, uncertain, complex and ambiguous (VUCA) business environment. They also have a helicopter view or bird eye of the entire organization to understand the strategies of business survival in a VUCA environment. Cooper and Schindler (2012: 152) explain that the researchers utilizing purposive sampling uses their judgement and select participants for their 'unique characteristics, experience, attitudes or perceptions' to best answer the research questions and meet the research objectives. This study adopts a stratified purposive sampling as it focuses on the strata of owner managers of local SME freight forwarding companies which have survived for over five years to be very good informants on business survival strategies.

3.4. Sample size

The sample size of owner-managers of local SME forward freight companies in this study was determined by data saturation. Data saturation is a concept in research methodology that refers to the point at which new data collection no longer yields any new or relevant information. This means that the researcher has collected enough data to address the research questions or objectives and further data collection would not contribute significantly to the analysis (Morse, 2015).

Data saturation can be determined through various methods, such as by analyzing the data as it is collected, reviewing and comparing data from multiple sources, and conducting member checks with participants to verify the findings. In this research, data saturation was reached at a point where the eighth respondent was being interviewed where it was confirmed that research participants are repetitive in their responses such that any further effort does not yield any new data. Data collection stopped upon reaching data saturation and no more interviews were conducted. Table 4.1 depicts the profile of participants in this study.

Table 3.1: The profile of participants in the study

Participant	Age	Gender	Freight forwarding Industry experience
Owner Manager 1	34	M	11
Owner Manager 2	45	M	18
Owner Manager 3	63	M	33
Owner Manager 4	54	M	28
Owner Manager 5	44	M	15
Owner Manager 6	39	M	10
Owner Manager 7	65	M	29
Owner Manager 8	43	M	11

Source: Own

3.5. Data collection

During the study, data was collected from owner-managers of local SMEs freight forwarding companies in Blantyre using in-depth, semi-structured and face-to-face interviews to get an in-depth understanding of survival strategies. In the individual or one-to-one interviews, the researcher used an interview guide which has questions to identify (1) the nature and variety of business strategy adopted to compete in the different segments on the local and international markets; (2) evaluate the competitive strategies in relation to effective and ineffectiveness regarding business survival and (3) recommendation on business strategies which are critical to enhance the survival of local SMEs freight forwarding companies in Blantyre, Malawi. The researcher initially pre-tested the interview guide with owner-managers of local SMEs freight forwarding companies in Blantyre who have the same characteristics as the study population. Pre-testing of the interview guide enabled the researcher to identify problems with the questions and take corrective action. Shortcomings in the interview guide were addressed to ensure that the questions in the interview guide are clearly understood by research participants.

3.6. Data Analysis

Thematic Analysis- Thematic analysis was used to analyze data collected from in-depth interviews with owner-managers of local SMEs freight forwarding companies in Blantyre to develop themes. Thematic analysis is defined as "a method for identifying, analyzing and reporting patterns (themes) within data" by Braun and Clarke (2006: 79). Thematic analysis involves reading through a data set (such as transcripts from in depth interviews or focus groups), and identifying patterns in meaning across the data to derive themes. In thematic analysis, transcribed interview data is broken into labels or codes. The codes are constantly compared against others to group those that are similar into broader categories and themes. A code is a label assigned to a piece of text, and the aim of using a code is to identify and summarize important concepts within a set of data, such as an interview transcript.

4.0. BUSINESS STRATEGIES ADOPTED BY LOCAL SME FREIGHT FORWARDING COMPANIES TO COMPETE AND SURVIVE ON THE LOGISTICS MARKET

From the study findings, five different themes were identified as depicting the business strategies adopted by local SME freight forwarding companies to compete and survive on the logistics market. The variety of five business strategies include: managing operating costs and pricing, entrenching risks-

management practices, offering digital, innovative and customized services, strong networks and partnership strategy and differentiation through customer service. The business strategies reveal that the two most common business strategies were about managing operating costs and pricing and differentiation through customer service while digital, innovative and customized service as well as strong networks and partnership strategy were the least common.

5.0. CONCLUSION

Findings to the study have revealed three insights not only regarding the nature of business strategies, but also the most effective competitive strategies according to owner managers of SME freight forwarding companies. First, the study has found that owner-managers of small and medium-sized freight forwarding companies were using five different business strategies to compete and survive on the logistics market. These business strategies include the (1) managing of operating costs and pricing, (2) entrenching risks-management practice, (3) offering digital, innovative and customized service, (4) reliance on strong networks and partnership strategy and (5) the pursuit of differentiation through customer service. Second, owner managers evaluated the building of relationships with customers, embracing digital transformation and primacy of risk management as the most effective business strategies for them to compete on the international and domestic market.

This study has also captured a variety of recommendations by owner managers that SME freight forwarding companies do not only need to incorporate technology, build a strong reputation in the domestic market but also enhance quality of customer service driven by competitive pricing and develop human capital to cope with incessant change and compete on the market. The study concludes that owner-managers of small and medium-sized freight forwarding companies in Blantyre need to focus on building and sustaining resilient SMEs freight forwarding companies by not only digitalizing processes, but also building strong networks and partnerships supported with quality services and competitive pricing if they are to compete and survival. As technology will continue to play a critical role in the future of freight forwarding, digitization of processes and the use of digital platforms are expected to increase efficiency and transparency in the industry. This brings into the fore the need for developing the capabilities of employees to effectively use back and front office digital tools to streamline operations, reduce errors, enhance customer experience and build a strong network of partners on the market. The study is explicit that there is a slow embrace of new digital technologies by the SME freight forwarding companies in Blantyre largely due to financial problems and affordability of technology.

While the findings are useful for prospective and current owners of small and medium-sized freight forwarding companies to enhance business success and compete on the markets, it is important to highlight that the findings are not generalizable, but only transferable to similar context; the sample size is small although this has been mitigated by the collection of in-depth interview data of diverse incidents to depict the competitive business strategies and their respective contribution to business survival.

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