

# DEALING WITH THE SKILLS CHALLENGE IN LOGISTICS

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Although often overlooked, the logistics and supply chain sector underpins the entire global economy. A strong, mature and innovative industry holds together the fabric of modern life in the developed world. Moreover it is also critical as a means to integrate emerging markets into the global trading system, thereby raising millions out of poverty.

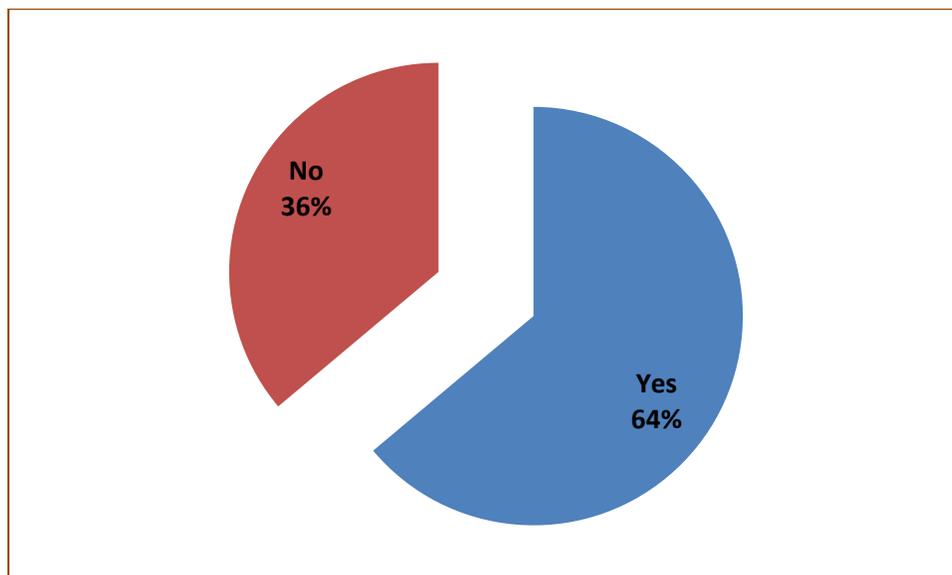
Despite the massive investments needed in ports, airports, roads, trucks, ships and airplanes, the logistics industry is essentially a people business. It is estimated that around a quarter of all costs are staff related. It is therefore essential that the industry attracts high calibre employees at all levels. In their own way, committed and high quality warehouse operatives are just as important to a successful business as experienced and qualified management.

It is for this reason that the World Economic Forum's Logistics and Supply Chain Global Agenda Council has decided to focus attention on this important issue. There was a widely held concern amongst members that there was a real problem in terms of recruitment and this was having a detrimental effect on not only the logistics industry but on the economy as a whole.

The first step has been to identify the extent of the problem. To ascertain this, industry consultancy Transport Intelligence undertook a poll of over 300 logistics executives asking whether they had experienced difficulty in recruiting good employees in the past year.

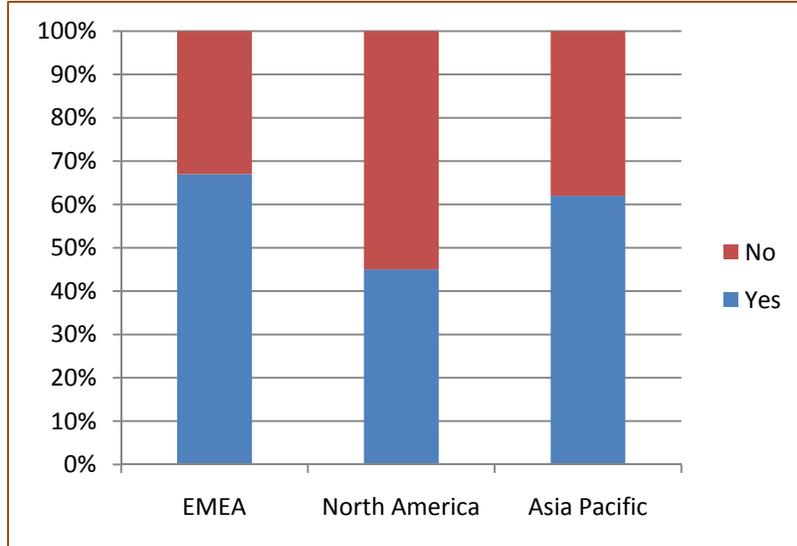
Almost two thirds (64%) of the surveyed executives confirmed that they had.

**Figure 1: Have you experienced difficulty in recruiting good employees in the past year?**



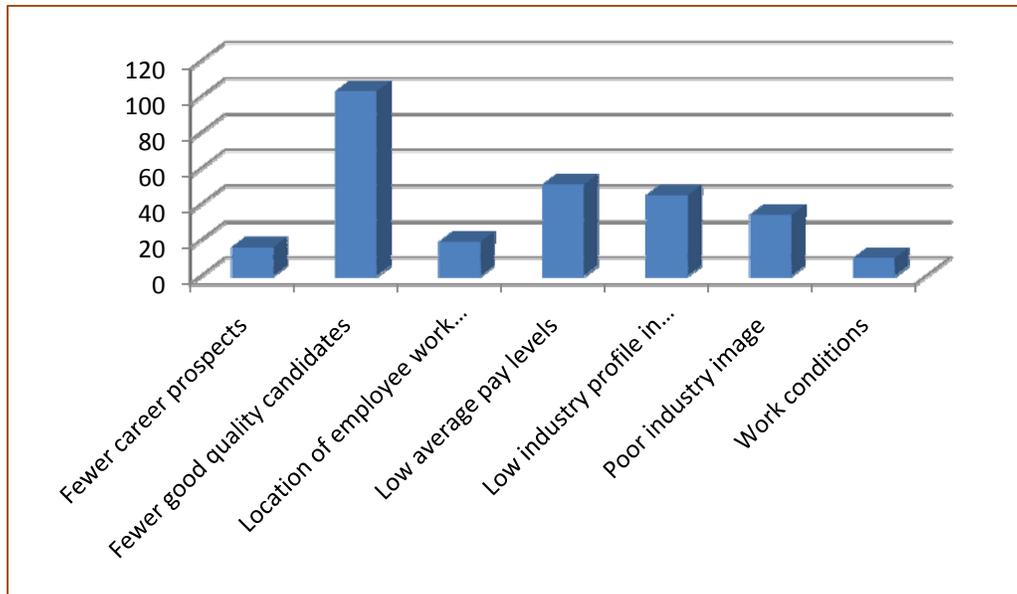
There were differences between regions. Europe and Asia Pacific faced the most challenges whereas in North America it seems that the problem is less acute.

Figure 2. Have you experienced difficulty in recruiting good employees in the past year?



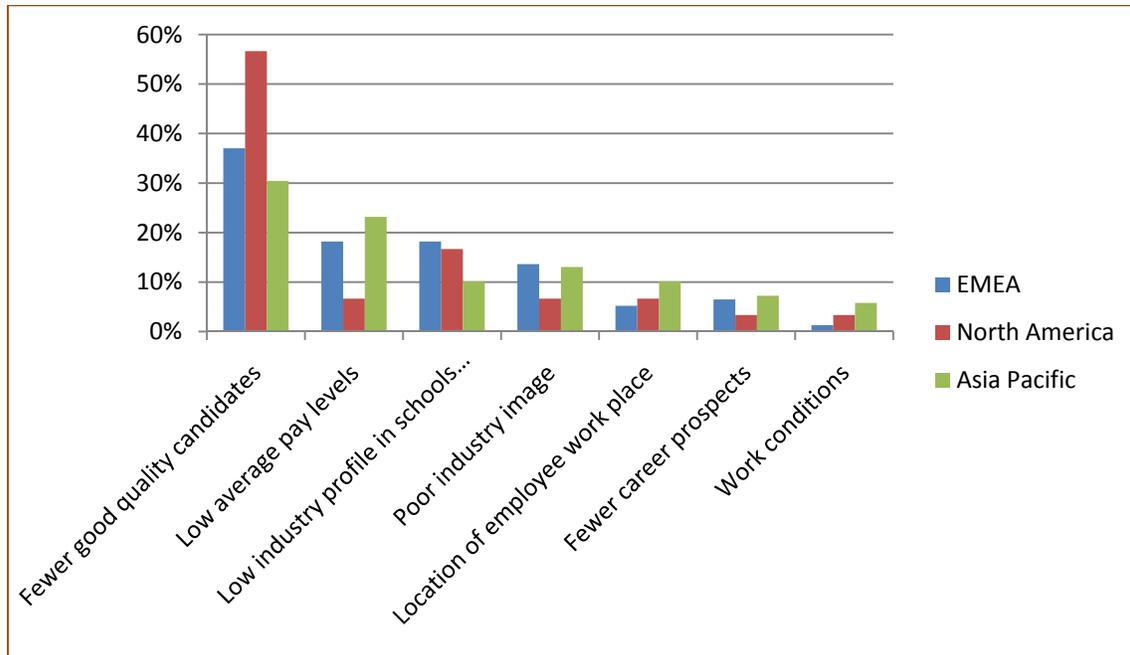
A further question probed the reasons behind these problems. The majority of respondents believed that the difficulties were due to a lack of good quality candidates. Other notable reasons included low wage levels as well as a low profile of the industry in education.

Figure 3: What do you think the reasons for this are (Global Sample)?



Again there were some differences between regions.

Figure 4: What do you think the reasons for this are? (By Region)



In Europe, the overwhelming reason given for the problem was 'fewer good quality candidates' followed by 'low average pay' and 'low industry profile in schools'.

In Asia Pacific, 'fewer good candidates' was the main reason stated followed by 'low pay'. However the third most popular choice was 'poor industry image'.

For North American executives, the survey showed that the quality of candidates is even more of a problem in the region than it is elsewhere in the world. Low pay however was not so much an issue, with just 5% of respondents citing this as a reason why the industry struggled to recruit good staff.

## CONCLUSION

The survey has shown that there is strong evidence to suggest that recruiting the right levels of talent to the logistics and supply chain industry is a major problem throughout the world.

The overwhelming reason for this is the lack of good quality candidates available. This could be characterised as a 'supply' issue and one over which the logistics industry has little control. It is related to the quality of education and training which candidates receive prior to coming into the industry, and a major issue which governments will need to address.

However the industry can have influence over many of the issues identified. For example low pay was a major factor. A challenge will be for the industry to break out of a low pay/low quality cycle of decline in which it is trapped in many parts of the world. Logistics companies, their clients and governments all have a role to play in this.

The next two factors, a low profile in educational establishments and poor industry image, can also be addressed by the industry. Some initiatives have already been taken, such as the 'Love Logistics' campaign in the UK or national advertising by carriers such as UPS and DHL. This will inevitably lead to a higher, better public perception. But, according to the survey, far more needs to be done if it is to tempt the brightest candidates away from alternative career paths in the high tech or banking sectors, for example.

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