Supply Chain & Logistics

2011-2012 Employment Market Survey Report

LOGISTICS executive

Supply Chain & Logistics Executive Recruitment
Business Performance Consulting

Key findings

Welcome to the 2011-2012 Supply Chain and Logistics Employment Market Survey Report, produced from global research undertaken in mid 2011. This is our fifth consecutive annual Report developed for the international industry we serve during a period of significant economic uncertainty in the northern hemisphere and continued growth in key southern hemisphere markets.

Respondents represent a broad geographical sample with 24.33% of the total respondents employed in Australasia, 20.27% in South East Asia, 20.78% from the Middle East, 13.34% from within the Indian Subcontinent and 5.38% based in North East Asia and China.

BUSINESS GROWTH TRENDS CONTINUE, SOME SLOW DOWN EXPECTED

About 67% of this year's survey respondents indicated that there had been business growth during the previous year, this is similar to the result from last year indicating consistent growth across most markets surveyed. Predictions for growth over the next 12 months are down slightly with just over 75% of respondents predicting growth compared to 80% previously. Approximately 16.50% of this year's respondents said they expected business levels to remain static.

CONTINUED UPWARD PRESSURE PREDICTED FOR SALARY AND WAGE LEVELS

Wages and salaries are again predicted to increase in line with the demand for executive talent and the expectation of continued economic growth, particularly in key markets across the APAC region. Upward pressure on remuneration packages is particularly felt in the areas of highest economic growth such as North Asia, South East Asia, and the Indian Sub Continent.

Australia continues to experience a 'two speed' economy with the continuing Resources and Energy boom driving double digit growth in Western and North Eastern Australia, leading to significant Executive Talent shortages across the wider supply chain. While other areas of the country and sectors of the economy experience slower single digit growth.

This year 40.97% of respondents received pay increases of more than 10% compared to 22.25% in the previous survey. 51.87% of those surveyed are expecting salary increases of 10% or more in the year ahead by comparison to 48.38% previously. These results suggest continued upward pressure on salary and wages.

STAFF LEVEL GROWTH TRENDS CONTINUE, SOME DROP OFF EXPECTED

This year 62.48% of those surveyed said it had been more difficult to recruit quality staff to meet business demands whilst only 13.76% indicated they had found it easier than the previous year to recruit.

About 58% of those surveyed predicted staff levels will rise in the next 12 months, this is consistent with predictions from the previous survey. A slight increase in the expectation by 13.82% of respondents this year that staff numbers would decrease. This compares with last year result of 11.45% indicating further challenges ahead.

EDUCATION & QUALIFICATIONS

In the 2011-12 results 37.87% of the total respondents indicated that they have an Undergraduate Degree, 37.40% of the total respondents indicated they possess Postgraduate qualifications.

CAREER DEVELOPMENT DRIVES RELOCATION

Whilst career development remains the highest driver of employment decisions in the 2011-2012 results at 26.89%, salary follows closely in second at 20.84%. Job security and company values follow respectively at 15.32% and 15.22%. These four drivers outweigh all of the other results and are the most important reasons as to why people join organisations.

Relocation for Career Development continues to rank highly with 93.78% of the total respondents indicating that they would relocate for work and 53.96% indicating that they would relocate internationally if the opportunity arose. 32.53% of respondents in fact indicated that career development is their sole reason for relocation, followed by 21.08% who relocated for salary considerations. These results reinforce previous year's survey findings that employees continue to change roles for more for personal development than salary considerations.

CORPORATE SOCIAL RESPONSIBILITY FOCUS MAINTAINS MOMENTUM

Our previous Survey results have shown that respondents consider Corporate Social Responsibility (CSR) is as a key business consideration. This year's results indicate CSR continues to be a priority with about three quarters of those surveyed identifying this issue as a focus within their organisation, continuing the upward trend shown in each year since our first Survey in 2006.

Key findings

About 60% of those surveyed who did not have a CSR program said they believed their organisation should, this is a marked increase on last year's results and points to the rise of CSR as an issue of consideration by CEOs.

The key driver for a CSR strategy amongst those surveyed was the Contribution to Society (76.92%), followed closely by Health and Safety (71.25%) and Environmental reasons (70.5%). Respondents said they believed the 4 main benefits of a CSR program were Stronger Public Image, Improved Employee Morale, Increased Employee Loyalty and Increased Consumer Loyalty in that order.

Whilst the latest Survey highlights CSR's continued progression as a business imperative it also underlines ongoing barriers to its wider adoption. These factors were Cost, Unclear Benefits and Lack of Senior Management Support suggesting challenges and opportunities exist to include CSR as a meaningful element in the business value chain.

EXECUTIVE TALENT SHORTAGES SEEN AS MAJOR CHALLENGE

CEO's and Directors surveyed were asked to identify the key challenges to their businesses for the 12 months ahead, results showed Profitability, Customer Satisfaction, Productivity, Leadership Management, Sustainability, Retaining Talent, Financial Restraints, followed by Attracting Talent were ranked in that order. When asked to identify external factors they expected to impact their business in the next 12 months CEO's and Directors predicted Financial Markets, Executive Talent Shortages, Fuel Prices followed by Economic Slowdown in level of importance.

Results from HR executive's perspective indicated the three areas of most concern are Talent Retention, Talent Attraction, and Leadership Development, these being of almost identical ranking followed by Training and Managing Risk.

THANKS FOR YOUR PARTICIPATION

The 2011-12 report is designed to assist you to make informed decisions about your business, your employees and the industry as a whole. This Report summarises only some of the key findings from the Survey, don't hesitate to contact us should you be interested in additional information relating to particular Survey subject matter or results from a specific geographic region. Thank you to the industry executives across many countries who took the time to complete the survey and we look forward to inviting you to participate in next year's Survey.

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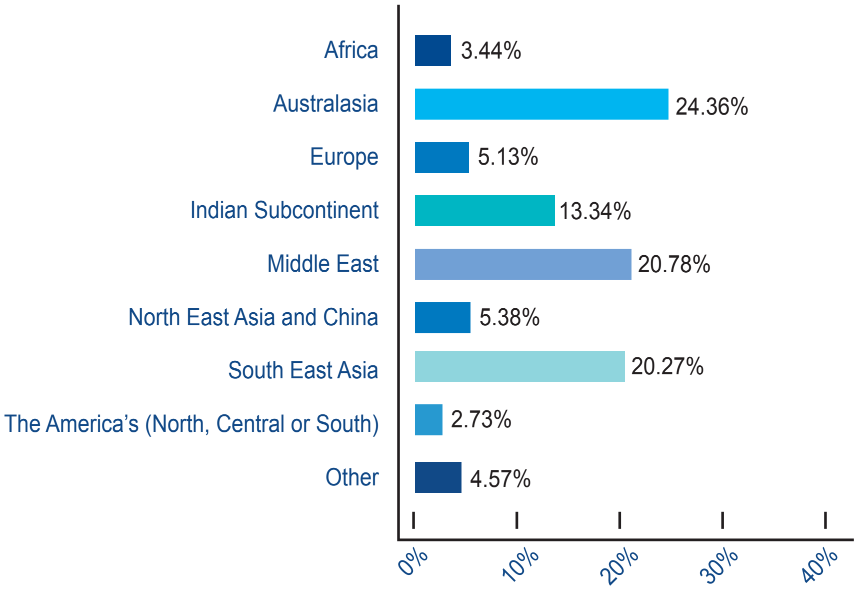
Survey methodology

An on-line survey of approximately 10-15 minute duration was emailed to more than 45,000 people within the Supply Chain & Logistics Industry in Australia, Oceania, Africa, America, Asia, Europe, the Middle East and New Zealand in late 2011. 3,550 respondents completed the survey. NB: The results are purely indicative in terms of overall trends within the industry. Disclaimer: Logistics Executive has compiled this report using data from which, to the best knowledge of Logistics Executive, was accurate as at the date of the publication. Results published in this report are for the general interest of readers and the industry. All material is published with due care and in good faith, but no responsibility will be accepted for omissions, typographical, or other printing errors or situations that may have taken place after publication. Logistics Executive disclaims all responsibility for any harm or loss arising from use or otherwise of the information provided within the report. All rights reserved. No part of this publication may be reproduced without the prior permission of Logistics Executive.

Survey demographic

In which region of the world are you employed in?



Overall findings

- 24.36% of the total respondents indicated that they are employed in Australasia.
- 20.78% of the total respondents indicated that they are employed in the Middle East.
- 20.27% of the total respondents indicated that they are employed in South East Asia.
- 13.34% of the total respondents indicated that they are employed in the Indian Subcontinent.

Comparison to previous years

The 2010-11 demographics were:

- 30.75% of the total respondents indicated that they are employed in Australasia.
- 19.86% of the total respondents indicated that they are employed in South East Asia.
- 14.95% of the total respondents indicated that they are employed in the Middle East.
- 9.22% of the total respondents indicated that they are employed in the Indian Subcontinent.

Industry type

Which industry are you employed in?

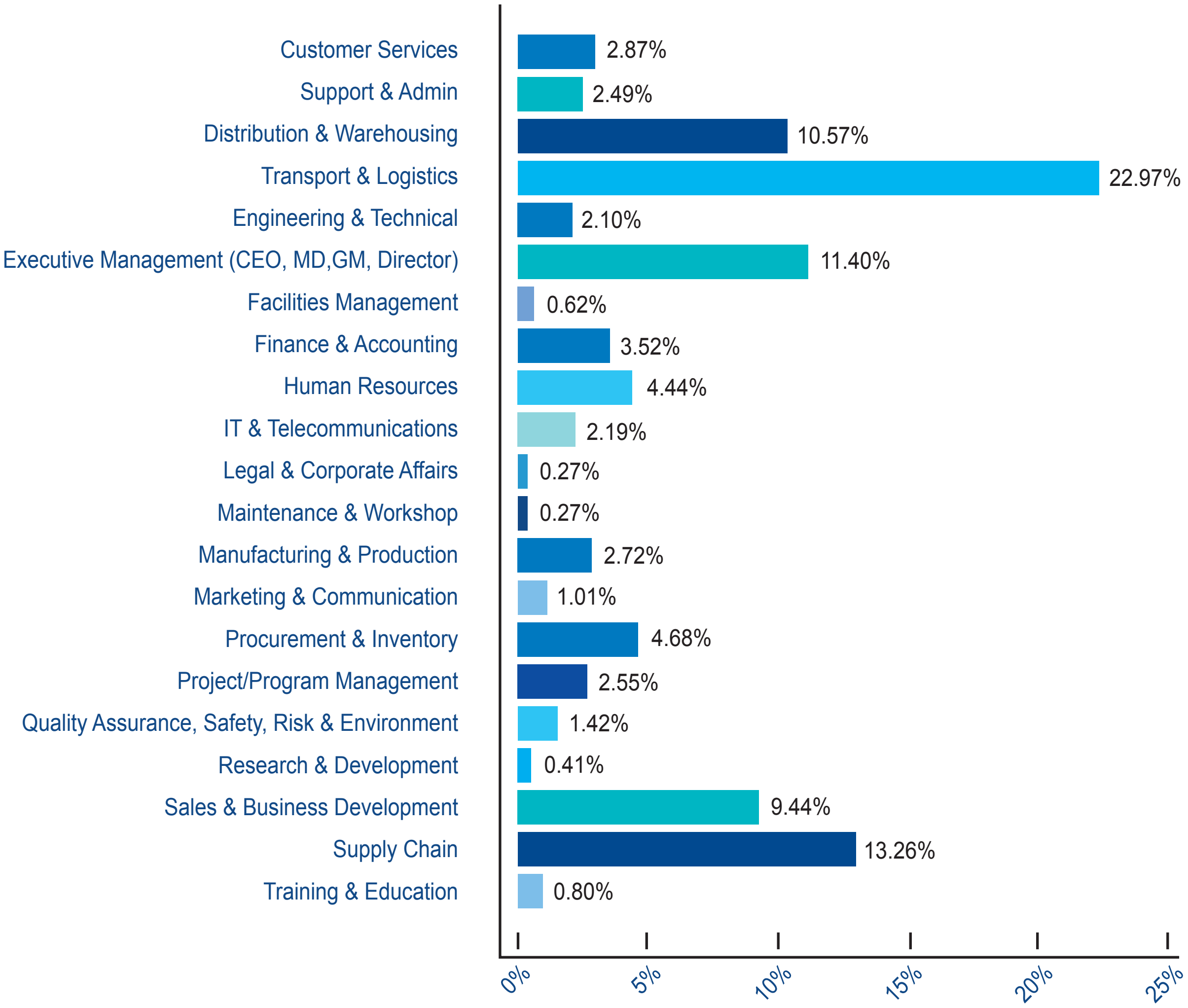
OVERALL FINDINGS

Of the 40 industry type options in the survey, the top 3 were:

- **16.46% of the total respondents are employed in the 3PL, 4PL, Logistics or Warehousing sector.**
- **8.14% of the total respondents are employed in the Manufacturing & Industrial sector.**
- **7.25% of the total respondents are employed within the Freight Forwarding & Customs sector.**

Roles & positions

Please select the function that primarily best describes what you do?



Overall findings

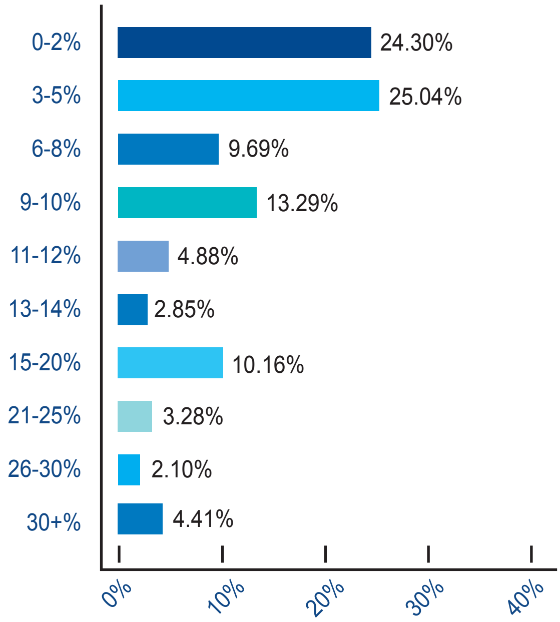
- The top four functions that describe the respondents are Transport and Logistics at 22.97%, 13.26% employed in a Supply Chain role, 11.40% in Executive Management (Chief Executive Officer, Managing Director, Director) and 10.57% in Distribution and Warehousing.
- Transport and Logistics continues to be the number one function in which people in this industry are employed in each survey.

COMPARISON TO PREVIOUS YEARS

In the 2010-2011 report 23.91% of the total respondents indicated that they were employed in a Transport and Logistics role. The results for the last three years have been comparable for all of the key roles.

Salary and wages

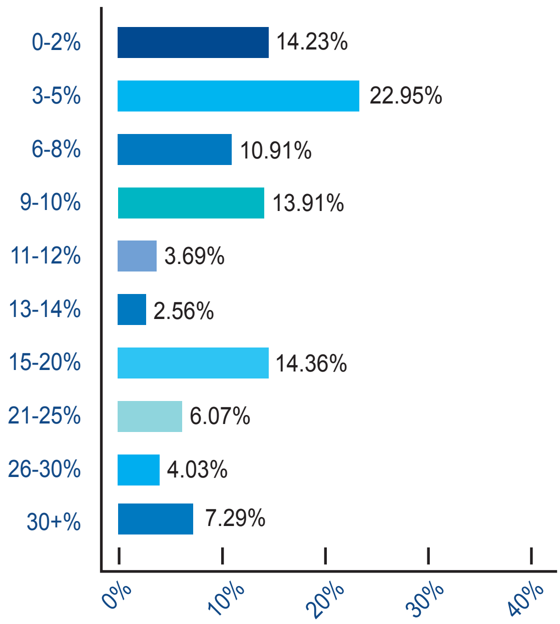
In your last review, by approximately what percentage did your salary increase?



OVERALL FINDINGS

- 72.32% of the total respondents only received modest pay rises in 2011 of 10% or less which reflects the general state of the global economy in 2010. The survey showed that about 19.95% of the total respondents reported increase in the order of 15% or greater; these were mainly from areas of extreme growth or skills shortage.

In your next review by approximately what percentage do you expect your salary to increase?

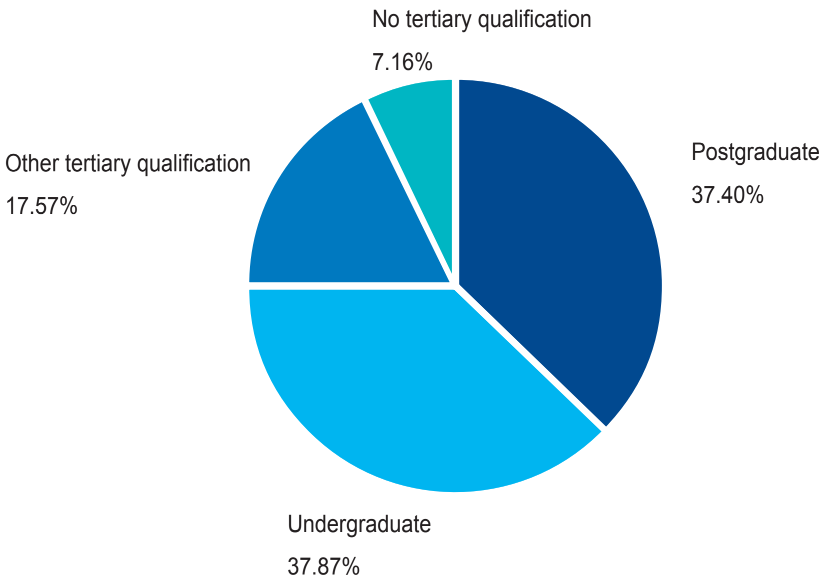


OVERALL FINDINGS

- 62.82% of the total respondent expect an increase of 6% or more, indicating many organisations will face wage pressure in 2012.

Education & qualifications

What is the level of the highest qualification that you have completed?



OVERALL FINDINGS

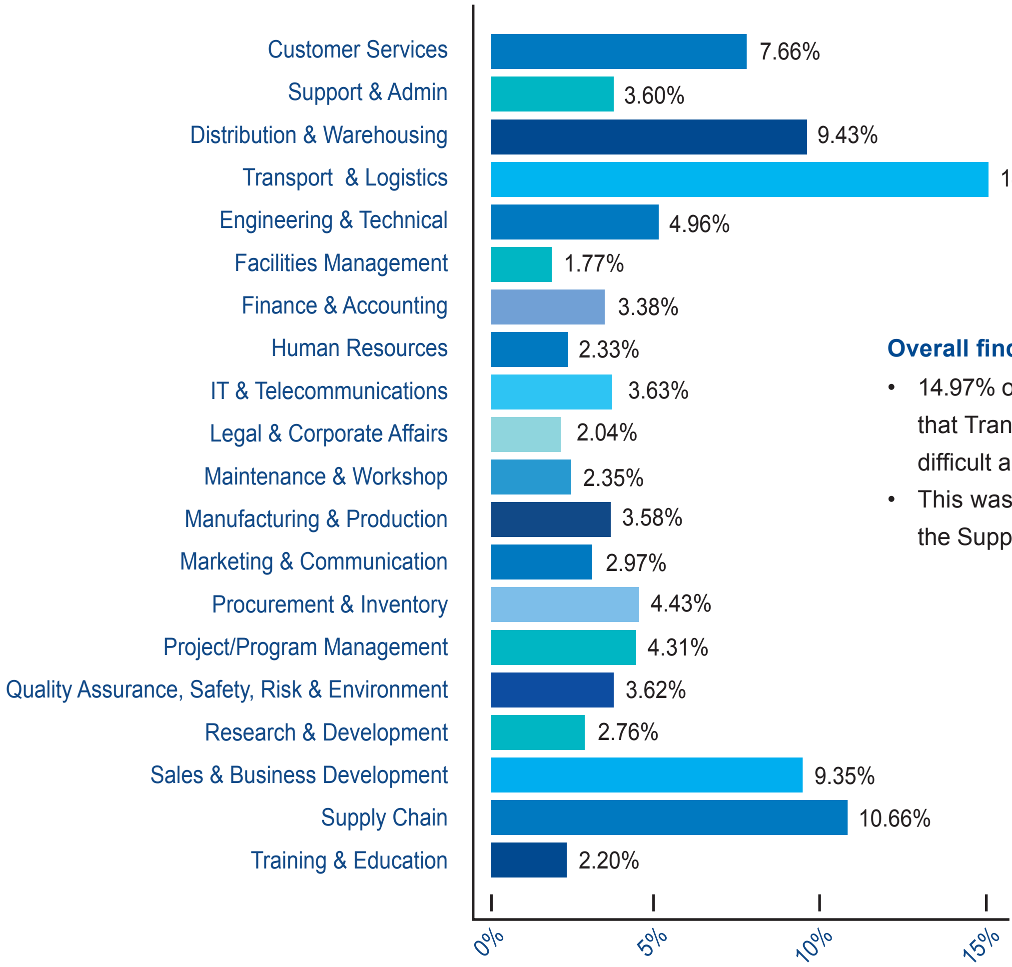
- 37.87% of the total respondents have an Undergraduate Degree.
- 37.40% of the total respondents have a Postgraduate Degree, including a Masters or a Doctorate.
- This year there is a slight increase in respondents who have Postgraduate Degrees.

COMPARISON TO PREVIOUS YEARS

The 2010-2011 report showed an increase of Degree qualified people on past year results.

Skills Shortage

Areas within the industry that have been difficult to recruit in?



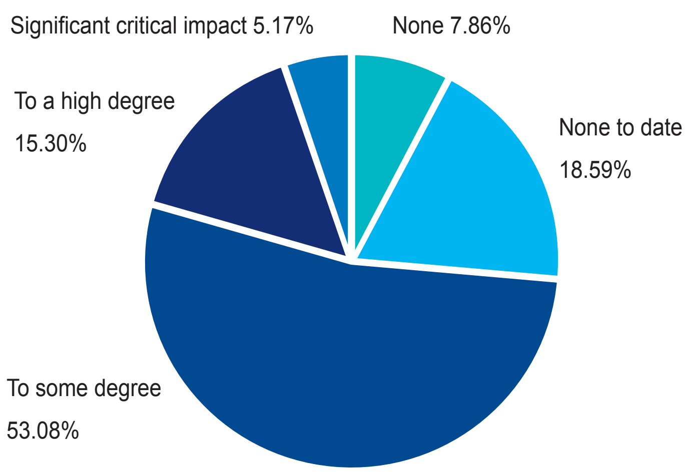
Overall findings

- 14.97% of the total respondents indicated that Transport and Logistics is the most difficult area to recruit in.
- This was followed closely by 10.66% in the Supply Chain area.

COMPARISON TO PREVIOUS YEARS

In the 2010-2011 report 13.35% of the total respondents indicated that Transport and Logistics was the most difficult area to recruit in. In the 2008 results 13.92% of the total respondents indicated that it was in the area of Logistics. In four years very little has changed in the areas that suffer with a skills shortage; in fact the results point to a worsening.

To what extent is the skills shortage affecting your business growth?



Overall findings

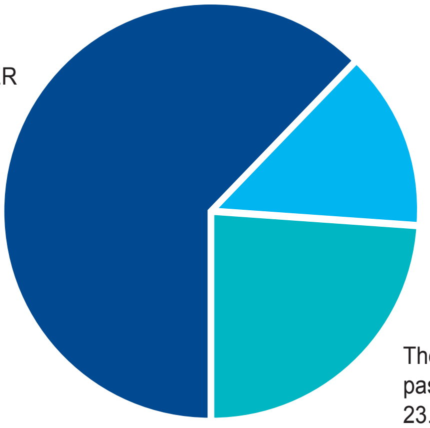
- 73.55% of businesses are affected by the on-going skills shortage to some degree or greater.
- 5.17% of businesses claim that the skills shortage is having a significant critical impact on their business.

COMPARISON TO PREVIOUS YEARS

- **The 2011-2012 survey shows an increase in businesses affected by the skills shortage. The 2010-2011 result showed that just 69% of businesses were affected.**

Business activities & company growth

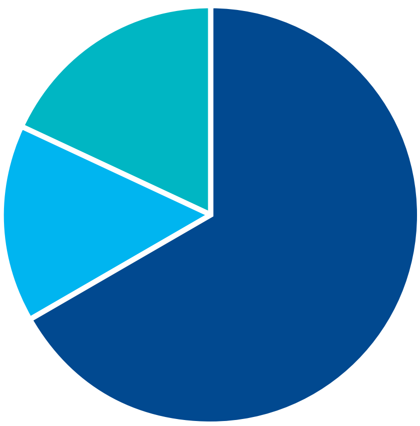
Business & Hiring Experiences over the past 12 months



OVERALL FINDINGS

- 62.48% of the total respondents are finding it harder to source and hire quality staff to meet business demand.

What change in your company's activities or growth this financial year did you see compared to last year?



Overall findings

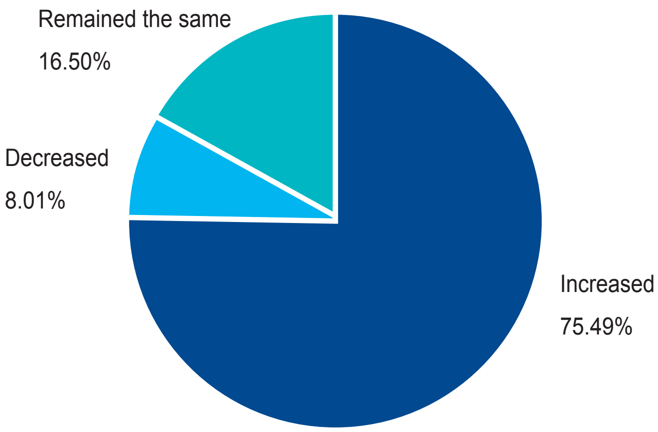
- 66.90% of the total respondents indicated that they believe that their company's growth increased in the last financial year.

COMPARISON TO THE 2010-2011 RESULTS

- The 2011-2012 survey shows a slight decrease in the growth of company's activities. In the 2010-2011 report 67.87% of the total respondents indicated that business activities and growth had increased. In 2009 it was 45.00%.

Business activities & company growth

What are your expectations of your company's activities or growth next financial year compared to this year?



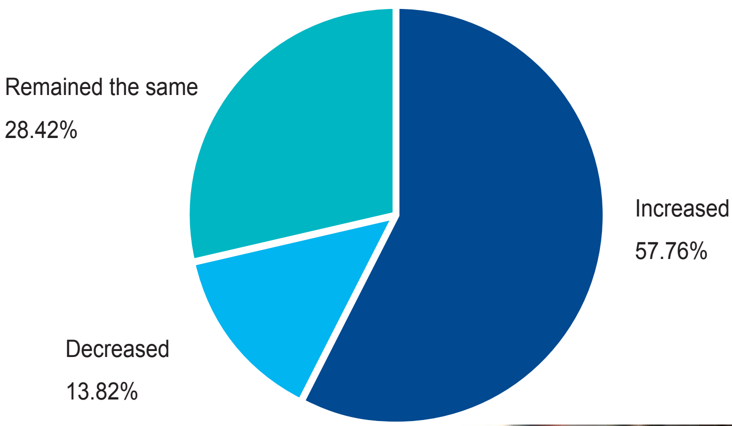
Overall findings

- 75.49% of the total respondents indicated that they believe that their company's activities or growth will increase in the next financial year.
- This shows a dramatic decrease in expectation of growth from this year's survey vs. the 2010-2011 results.

COMPARISON TO PREVIOUS RESULTS

- Only 55.22% of the total respondents in the 2009 survey results believed that their company activities or growth. would increase. In 2010-2011 80.29% of the total respondents believed that their company activities would increase.

In the next financial year what do you forecast that the staff levels of your company will be?

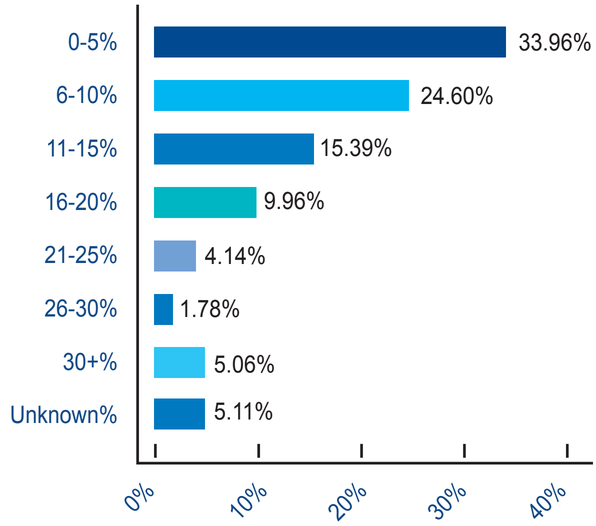


OVERALL FINDINGS

- **57.76% of the total respondents forecast that their staff levels will increase in the next financial year.**

Business activities & company growth

What do you understand to be your company's staff turnover by percentage?



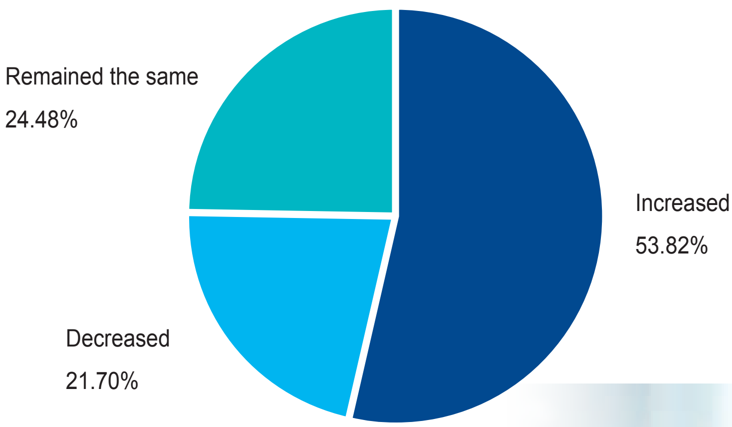
Overall findings

- 33.96% of the total respondents believe that staff turnover is less than 5%.
- 24.60% of the total respondents believe that staff turnover is as much as 10%.

COMPARISON TO THE 2010-2011 RESULTS

The 2011-2012 survey results were consistent with those of 2010-2011, with the vast majority of respondents indicating that staff turnover was less than 5%.

In the current financial year did the staff levels of your company increase, decrease or remain the same?

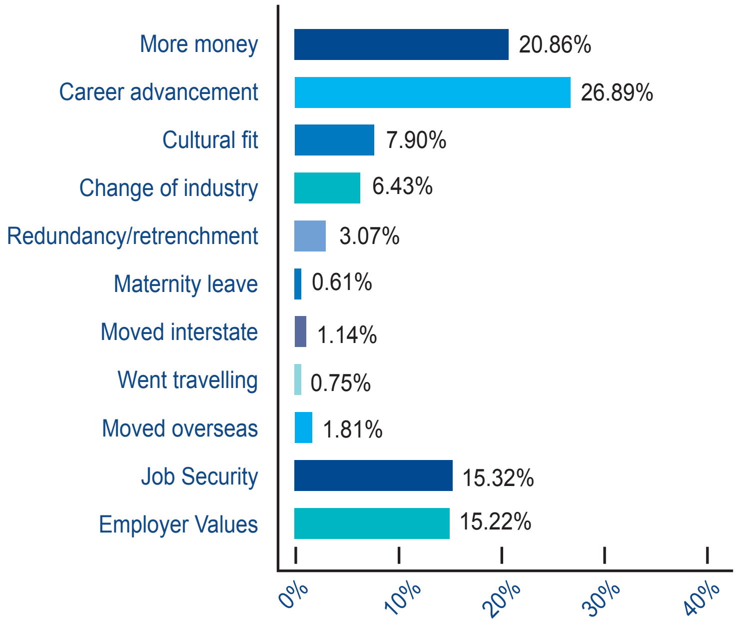


OVERALL FINDINGS

- **53.82% of the total companies indicated that their staff levels increased in the current financial year.**

Factors contributing to recruitment decisions

What are the factors contributing to people joining your current organisation?



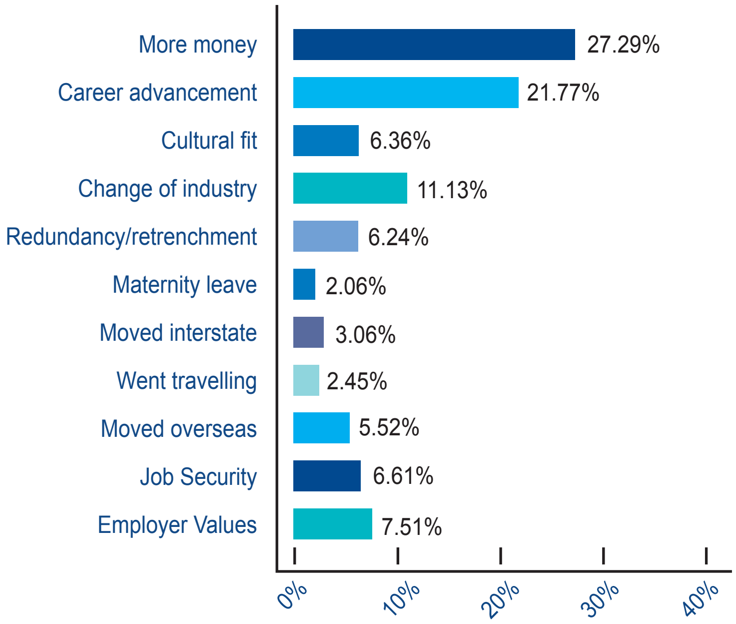
Overall findings

- 26.89% of the total respondents indicated that career advancement is the major factor contributing to people joining their organisation.
- This was followed by 20.86% of the total respondents believing that more money is also an important factor.

COMPARISON TO THE 2010-2011 RESULTS

In 2010-2011, 27.25% of the total respondents indicated that career advancement was the major factor. Interestingly in the 2008 results 17.46% of the total respondents indicated that salary was the major factor, followed closely by 16.11% for career development.

As an employer, what are the major factors contributing to people leaving your organisation?



Overall findings

- 27.29% of the total respondents indicated that more money was the key reason people left their organisation.
- 21.77% of the total respondents indicated that people left for career advancement reasons.

COMPARISON TO THE 2010-2011 RESULTS

In the 2010-2011 report 25.76% indicated that higher remuneration was the main reason people left their organisation.

Challenges for the next year

As a CEO/Director, what are the challenges facing your business in the next year?

Overall findings

- Chief Executive Officers/Directors were asked to identify the key issues and areas that would challenge their business in the next twelve months.
- 90.88% of the total respondents indicated that profitability was the main challenge.
- This was followed closely by 86.76% believing that customer satisfaction would be a challenge and 83.65% highlighted productivity. Also rating highly was retaining talent at 69.41% and leadership management at 76.76%.

Leadership development

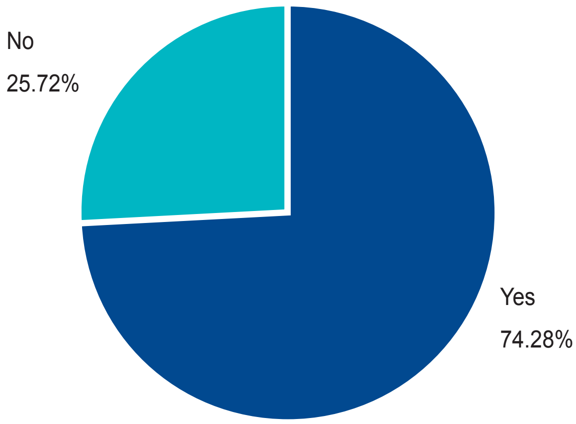
Most important focus in the next 12 months?

Overall findings

- Respondents were asked to identify the most important areas that the organisation needs to focus on in the next twelve months.
- 81.22% of the total respondents indicated Staff Retention is the main area to focus on. This is equalled by Leadership Development.
- This was followed closely by 81.06% focussing on Talent Attraction and 79.90% identifying Training.
- Both Talent Attraction and Training are significantly up on past results.

Influence of Corporate Social Responsibility

Is Corporate Social Responsibility (CSR) a focus for your organisation?



Overall findings

- 74.28% of the total respondents indicated that CSR is a focus of their organisation.

COMPARISON TO THE 2010-2011 RESULTS

The 2011-2012 survey reflected similar results to that of 2010-2011 and 2009, though showing a slight increase this year.

Do you believe your organisation should have a CSR program/focus?

Comparison to the 2010-2011 results

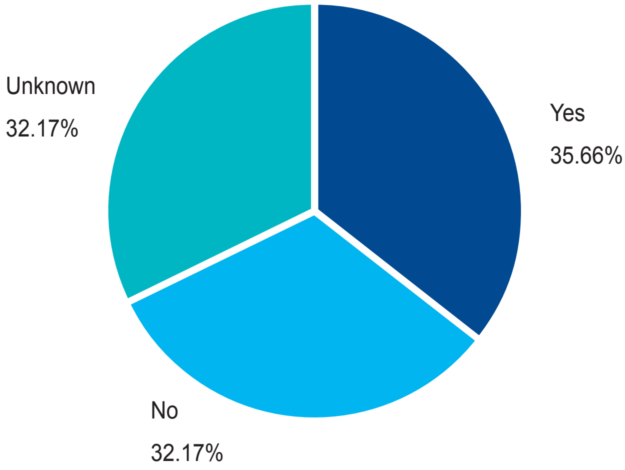
- The results for 2011-2012 indicate that there has been a marked increase in respondents believing that their organisation should have a CSR program each year since this survey commenced. This is up by 8% on the 2010-2011 results.

OVERALL FINDINGS

- 60.16% of the total respondents believe that their organisation should have a CSR program.

Influence of Corporate Social Responsibility

Do you measure a Return On Investment (ROI) on CSR program(s)?



Overall findings

- 32.17% of the total respondents indicated that they do not measure a Return on Investment (ROI) on their CSR program.

COMPARISON TO THE 2010-2011 RESULTS

In the 2010-2011 report 31.20% of the total respondents indicated that their company does not measure ROI on their CSR program.

What do you believe the possible positive outcomes of your CSR program(s) are?

Overall findings

- Respondents were asked what they believe the possible positive outcomes of their CSR program are.
- 82.19% of the total respondents indicated that a stronger public image was the most positive outcome of their CSR program.
- This was followed closely by 74.51% who indicated improved employee morale, 68.73% for increased employee loyalty and 68.42% for increased consumer loyalty.

What are the main obstacles to your CSR program(s)?

Overall findings

- Respondents were asked to indicate more than one obstacle to developing CSR programs.
- 69.63% of the total respondents indicated that cost is the main obstacle to implementing a CSR program. This result shows a massive 50% increase in respondents believing that cost is the main obstacle since 2009.
- This was followed by 55.87% indicating that developing a CSR program has unclear benefits.
- 54.02% believed that lack of Director or senior management support was an issue.

COMPARISON TO PREVIOUS RESULTS

In 2009 only 30.03% of the total respondents believed that cost was the main obstacle, with 30.48% believing that it was lack of support from senior management. The 2010-2011 results are consistent with the 2011-2012 results.

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