

Transportation & Logistics 2030

Volume 5: Winning the talent race

Strategies to help transportation & logistics companies improve their talent management.



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Demographics

Demographic changes pose a dramatic threat to the business models of many transportation and logistics companies. It remains to be seen if the industry can cope and attract a skilled workforce.

In 2030, over 8 billion people will live on earth. That's around a billion more than in 2010, and 95% of this increased population will be born in developing and emerging markets.¹ It's not news that more developed countries will make up a smaller percentage of the world's inhabitants. For more than 50 years, developing countries' population growth has outpaced that of Europe in particular. In fact, by 2030 only 23% of the world's population will live in Europe, North America and Australia.

The global economy is being re-shaped, and so is the distribution of wealth. And as world trade grows, so do the challenges for the transportation and logistics industry. More people means more production. Global trade in goods and services is likely to rise more than threefold to US\$ 27 trillion in 2030.² That's putting pressure on the industry to keep goods flowing. In 2010, drivers already belonged to the top 10 jobs that employers are having difficulty filling among 36 countries worldwide.³

Growing populations mean an increased need for logistics in emerging economies

It might seem that with so many people being added to the workforce, most emerging economies shouldn't have any issues with labour shortages. Not so. Many of the countries that will be home to 'the next billion' will need to invest in healthcare and education. By 2030, 100 million school-aged children and teens between 5 and 19 will live in emerging markets. To compete in a global economy, most will need a better education than they can now find locally. In many countries, economic growth is already significantly outpacing talent development, leading to serious skills shortages. Transportation and logistics companies in developing countries will need to pick up the slack. That will mean providing in-house training and skills development programmes.

Recruiting

Transportation and logistics companies are lagging behind other sectors in terms of recruiting and hiring. SMEs in particular are not regarded as preferred employers of the future.

As companies look to replace retiring employees and keep pace with growth in emerging markets, recruiting will become even more important. Transportation and logistics companies will need to compete to attract and recruit qualified employees – and they'll need to make not only their company, but also the industry, more attractive than the competition.

How will they manage it? What talent management and recruiting strategies will help them appeal to a more mobile, diverse and global workforce? Right now the transportation and logistics industry relies primarily on recruiting agencies and job postings in newspapers and on the Internet.

That means they're overlooking some powerful ways of reaching talented staff. Very few employers in the transportation and logistics industry use networking organisations or websites as a way to find new employees, for example. And most are not yet looking across national borders to recruit staff – a viable option.

Some companies are already hiring highly experienced specialists and managers from the competition – and even from other industries. That kind of hiring can work in both directions, so retaining skilled staff already on board is becoming even more important.

The shipping sector is already trying some new strategies to fill open spots. Some companies are using current employees to help recruit new hires by paying bonuses to staff that bring new forwarding and shipping agents on board.²⁶ And the sector as a whole is working on its image too. In 2008, the International Maritime Organisation (IMO) launched the campaign 'Go to sea!' together with the International Labour Organisation (ILO) and other partners. The programme was designed to attract more workers to the sector and includes a website with detailed information about careers at sea.²⁷

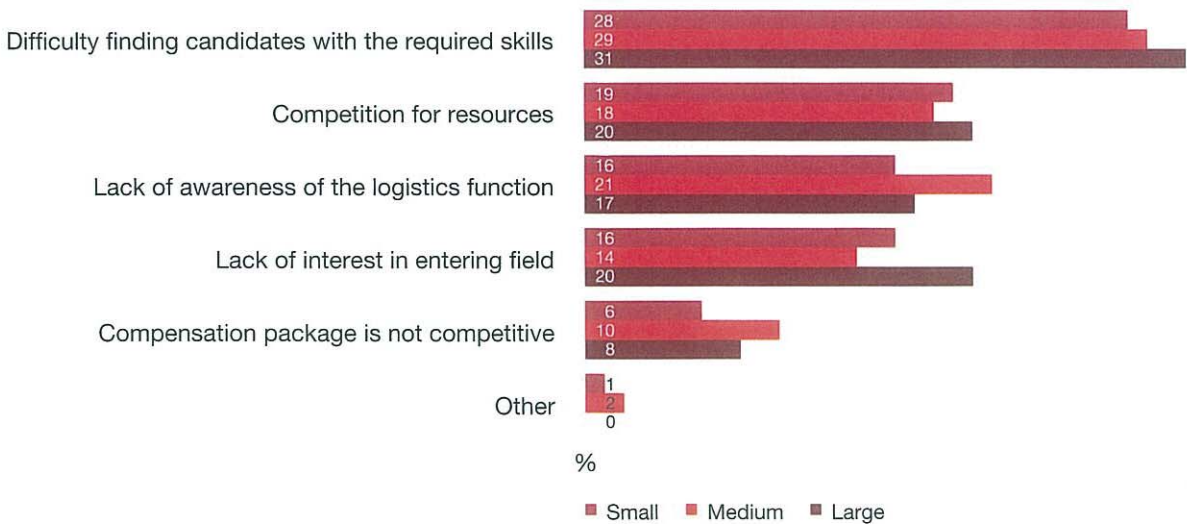
Will the transportation and logistics industry provide truly global workplaces?

Transportation and logistics is a global industry. As the world becomes more interconnected and employees more mobile (in other research, we found that 71% of ‘millennials’ expect to work abroad at some point during their careers), that could potentially mean access to a much larger, global labour pool. Do the Delphi experts believe that the global nature of operations and global recruiting strategies will help transportation and logistics companies overcome any labour shortages in the future (see thesis 3, p. 50)?

Our Delphi panellists aren’t sure. Many experts argue that potential employees – professionals and younger workers alike – feel more attracted by other industries, e.g. energy, technology, healthcare and automotive. Some feel that transportation and logistics companies, particularly SMEs, still need better HR structures to make cross-border recruiting viable. And a few point out that some labour intensive areas like ‘last mile’ delivery are inherently local. One expert with a more positive view noted that for bigger companies, a global footprint would mean the ability to shift workforces from one region to another.

That’s often not an option for smaller companies. Still, big and small companies alike face similar human resource issues (see Figure 3). For logistics companies of all sizes, finding employees with the needed skills tops the list. And it’s difficult to attract good candidates, especially younger, skilled employees, with competition for resources tight and awareness and interest levels relatively low.²⁸ Educating and training aren’t always adequate, and it’s tough to keep pace with technology. Addressing the needs of an ageing workforce is of major importance, and so is succession and career planning. So new hires can eventually fill the shoes of their more experienced colleagues.

Figure 3: Recruiting issues are similar for logistics companies of all sizes



Source: Canadian Supply Chain Sector Council, Canadian Logistics Skills Committee (2005)

Working together: alliances can help SMEs compete

When it comes to recruiting, though, SMEs are at a disadvantage compared to their larger competitors. The transportation and logistics sector as a whole is deeply fragmented; SMEs actually make up the bulk of the industry and hire most of the employees working in the sector.²⁹ Their collective size doesn't translate into more attractiveness as employers, though. In fact, getting the right people on board seems to be even tougher for SMEs.

We asked our Delphi experts whether small and medium-sized transportation and logistics companies will have evolved into preferred employers compared to market leaders by 2030 (see thesis 4, p. 50). The answer was a resounding no. Panellists argue that market leaders still offer more career opportunities and higher salaries. They also benefit from well known employer brands.

The news wasn't all bleak, though. Some experts noted that employees have more potential to be heard in a smaller organisation, can move up faster and take on a broader range of responsibilities – all points that may appeal to younger employees. The experts' discussion also raised another possible way for SMEs to bridge the gap. Cross-sector strategic partnerships may help enhance working conditions and employer branding of SMEs in the future.

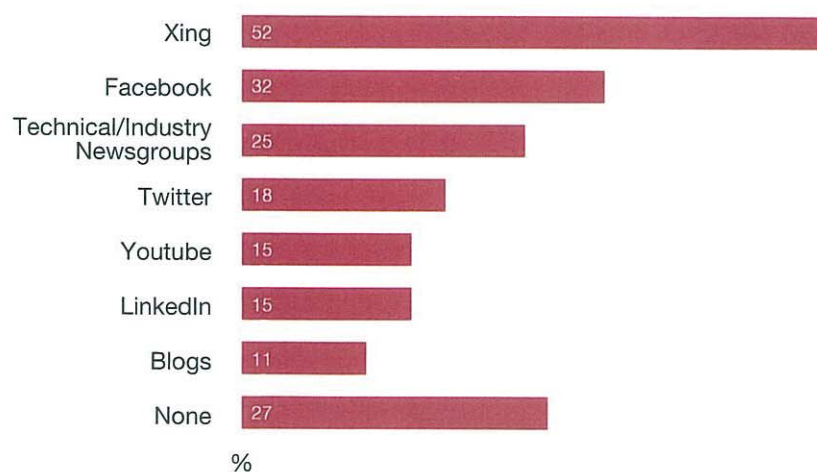
Operational partnership of transportation and logistics SMEs are already underway, aiming to develop, execute and optimise logistics services across countries. By bundling services with the network, each individual firm is able to offer a far broader range of services to customers.

Such alliances could help smaller companies offer more to potential employees too. They raise visibility and by working with partners, SMEs may be able to offer international job opportunities and more extensive development programmes that wouldn't be possible otherwise.³⁰ That's why we strongly believe that such collaborations provide an excellent platform for building 'recruiting alliances' in the future (see *Recruiting and Development Alliances*, p. 40).

Virtual recruiting

Recruiting is changing. Internet job boards have already displaced print sources as the primary place to post job openings. And while face-to-face job fairs aren't likely to disappear entirely, companies are starting to use social media more actively in their recruiting efforts.³¹ In Germany, for example, more than half of logistics companies already use Xing, a local professional networking site, nearly a third see Facebook as a valuable communication channel and a quarter are looking to technical or industry newsgroups (see Figure 4).

Figure 4: Communication channels used by logistics companies in Germany, 2011



Source: Bremerhaven University of Applied Sciences, Prof. Dr. Heike Simmet, "Social Media in der Speditions- und Logistikbranche", 2011

Transportation and logistics companies overall do increasingly recognise the importance of social media for employee recruiting (47% of the surveyed companies). At the moment, though, they're using sites like Facebook, Twitter and Youtube primarily to manage public relationships, optimise customer relations and acquire new customers.³²

Will social media reshape recruiting in the future? We asked our Delphi expert panel if only HR functions which use social media will be able to recruit new employees in the long-term future (see thesis 14, p. 50). Views were mixed. Some experts argue that there are already many ways to recruit adequate staff. These experts believe that the importance of social media may be overrated. Others see social media as key to future recruiting strategies.

In our view social media will most certainly increase in importance. There's already a 'Social Media for Logistics' group on LinkedIn for example.³³ LinkedIn and other sites focused on professional networking are also offering companies special packages to raise their company profile to potential job seekers and to comb the site for possible candidates to fit specific positions.³⁴ SMEs in particular may be able to use social media as a core part of recruiting strategies in the future. That will help them be more visible to potential employees and gain an edge over competitors in reaching out to 'passive' job seekers.

Recruiting isn't likely to get easier for the transportation and logistics industry in the near term. It's likely to take years until current initiatives to increase sector visibility will lead to a significant positive impact on its competitiveness against other industries in the fight for talent. International hiring may help some companies. Reaching out to talent pools like women, young people, mature workers and career changers may be another good strategy.

Logistics companies must continue to invest in traditional ways of recruiting staff, but they also need to use new recruiting channels including social media. Strategic recruiting alliances can help logistics SMEs win an edge in the war for qualified staff.