



X2 (UK) Ltd



# Recruitment Challenges in Logistics

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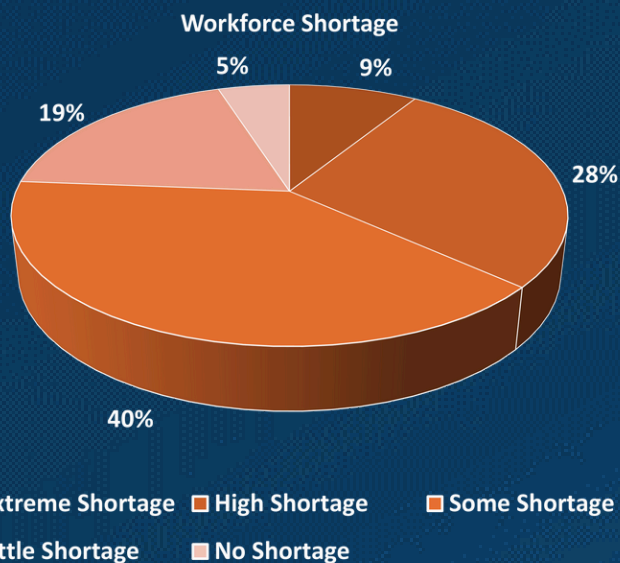


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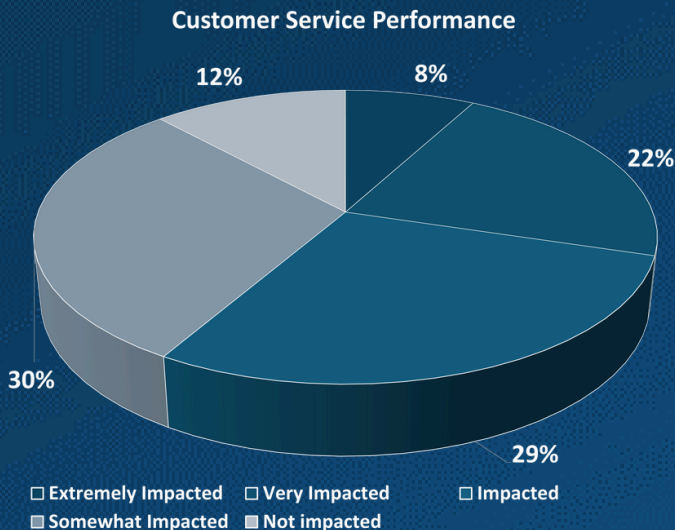
# Introduction

While a high proportion of logistics businesses are confident of their short-term commercial future, reportedly three quarters of logistics operators felt that business conditions were actively more difficult in 2023 than they were in 2022, as reflected by a drop in overall industry confidence levels (from 50.4 to 47.3 as per The UK Logistics Confidence Index 2023). In particular, recruitment and retention issues were highlighted as some of the most prominent challenges facing logistics firms in 2023 [10], with insight indicating that these challenge may continue to grow in 2024.

Towards the back end of 2023, Descartes undertook a survey of approximately 1,000 supply chain and logistics decision makers in a bid to understand both the scale of the problem at hand and the impact that workforce shortages are actively having on logistics operations. The survey found that 76% of participating organisations were experiencing notable workforce shortages (37% indicating these shortages were high to extreme in nature), with 58% concluding that these shortages had negatively impacted service levels in one form or another.



The Descartes Systems Group, How Bad Is The Supply Chain and Logistics Workforce Challenge?



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And while Descartes' findings initially paint a rather dark picture for the industry, it's contrasted by almost half (46%) of respondents predicting commercial growth in excess of 5%. What's more, the survey indicated that 36% of organisations saw supply chain and logistics operations as a customer service differentiator, with 24% going so far as to consider it a "competitive weapon". Indeed, the full findings indicate a wealth of opportunity within the sector, yet simultaneously highlight the challenges that logistics firms are having in unlocking these opportunities. [9]

While there are a number of ways that organisations can protect themselves from the immediate impact of these skill shortages, such as working with a Fourth Party Logistics (4PL) provider or more actively engaging with academia, it remains important to directly address the talent deficit if we are to unlock the potential of the logistics industry and address these challenges in the long-term. As such, we'll take a closer look at some of the factors contributing to the skills deficit (in particular, misconceptions and perceptions of the field) and the ways in which certain organisations are catalysing positive change.

## Logistics Industry Careers: Misconceptions & “Hidden” Career Paths

Concerning the awareness of industry opportunities, the logistics field suffers from two particular perception-oriented challenges. In the first instance, there's the appeal of the career path to younger generations. Much like with the construction, manufacturing, and engineering industries, many of the trades suffer from a negative perception amongst youths. Be it due to modern media, academia, or simply social views of the trades, aspiring young professionals by-and-large do not identify logistics, construction, manufacturing or other industry trades as an early career choice.

As example and according to research by WorldSkills UK, nearly three in five young people are unlikely to consider a career in manufacturing, with young women in particular being three times less likely than young men; interestingly, this is despite awareness of the high salaries actually available in the manufacturing industry. [5] On the logistics front, despite making up an approximate 7% of the UK workforce in 2023, research by Prologis UK found that only 7% of young people were considering a job in the field. [6]



And, while these figures may appear to line up, consideration of a career is certainly not equivalent to success within said career path, nor would this support the growth trajectory of the wider industry.

So if there is an understanding of the financial opportunities in these industries, the question of why exactly young people aren't drawn to them for pure financial reasons can be asked. Well, when it comes to manufacturing, a staggering 83% of young people reported facing barriers to enter in the industry, with 48% of people saying they have never received any information about why or how to do so [7].

According to X2 (UK), a leader in 4PL solutions, a similar issue exists within the logistics field, with present-day barriers to entry making it increasingly difficult for youths to both understand and overcome barriers to entry. Seemingly, the two industries share much in common.

**Vic Faulkner, Operations Director at X2 (UK)** stated: “To encourage young people to come and drive a truck is certainly a challenge. While the pay is very good (where a driver can now earn in excess of £35,000 per annum) and drivers are often working with cutting edge equipment, entry into the industry comes with a number of barriers; many of these are not immediately obvious to the younger generations and the industry typically lacks the academic plug-ins that would otherwise provide a clear path for people. We have to work significantly harder to highlight the amazing opportunities that actually exist in the logistics industry.

“Ultimately it can be very difficult to understand exactly what you must do in order to access the opportunities available, but as an employer there can also be a mismatch in terms of what we look for and what people showcase in their CV. It’s important to have the correct skills, but we can’t understate the importance of personal attitude, adaptive behaviours, and being a good cultural fit. That’s why we at X2 (UK) have modernised our recruitment process to incorporate these elements and give candidates a real perspective of the working environment so that they know what they’re applying for, the career paths available, and how the industry functions.”



Vic Faulkner, Operations Director X2 (UK)

As alluded to, what catalyses the recruitment problem further is also a misunderstanding of what the logistic industry actually is on an operational level. Setting aside misconceptions around the scale (and mission-critical nature) of logistics operations behind the nation’s most important industries, it’s all-too-common for logistics careers to be simplified into the transport function itself (in particular, that of being a driver). And while drivers do indeed make up a sizeable portion of the industry’s talent pool, it’s not only one career among many, but also represents a fraction of the skill-sets required in the logistics field.

Coming back to Descartes’ research into the matter, the organisation’s 2023 survey indicated that labour-intensive transport operations and warehousing operations were those areas suffering most from the resource shortages (61% and 56% respectively), yet transport planning (51%), inventory and distribution planning (51%), customer service (42%), and demand planning (37%) were also suffering – seemingly to a similar scale. While this does clarify the shortages of drivers and warehouse operatives in particular, the figures clearly demonstrate that skill shortages are impacting multiple operational levels of logistics operations. [9].

On a local level, reputable logistics organisations have indeed been trying to promote opportunities within their respective organisations and network with a younger target audience. That said, these efforts have not come anywhere near far enough in addressing the issues on an industry-wide level, with firms demonstrably being held back from achieving their growth ambitions. Thankfully, there is also an independent organisation that is dedicated to tackling many of these issues: Generation Logistics, of which X2 (UK) is notably a Silver Sponsor.



## Generation Logistics: Raising Awareness of Logistics Professions



An initiative which works to find and engage the next generation of logistics talent (primarily youths aged between 15 and 24 years old), Generation Logistics was founded in 2022 and works to highlight the vast range of logistics opportunities on offer, from entry-level pathways all the way through to graduate programmes. Not only does Generation Logistics help to inform young people on what the logistics industry is actually composed of, but also why individuals might wish to pursue a career in the industry, and exactly what employers are actively looking for.

Importantly, Generation Logistics' activities feed into the whole suite of logistics careers and relevant skill-sets, including: warehousing, customer care, customs and international trade, environment and sustainability, infrastructure, digital technology, engineering, human resources, solutions design, consultancy, sales and marketing, operations excellence, and finance to name but a few. [8]\_Through its activities, not only does the sector benefit from improved awareness of these careers, but also through helping to connect the dots between skills, qualifications and opportunities within the logistics industry. Perhaps the most important of these includes connecting engineering, robotics, and automation skill-sets to the oft-overlooked logistics careers that exist.

Within the logistics industry, Generation Logistics' work has been championed as a game-changer for recruitment [4] and ultimately in rebalancing the talent supply and demand ratio. Impressively, the scheme garnered some 3.7m engagements on social media and reported a notable 789,000 visits to the Generation Logistics hub across its first year of operation [1]. Going forward, the scale of activity is only expected to rise in line with the growing support for the organisation coming out of both government sources and leaders in the logistics industry.

"Generation Logistics is a ground-breaking campaign which is changing the way the public thinks about roles in the logistics sector," said Guy Opperman, Transport Minister at a parliamentary reception as part of National Apprenticeship Week. "A resilient supply chain is critical for growing the economy and that's why we're working to ensure logistics has a strong talent flow to keep goods moving."



"I'm thrilled to be working alongside industry partners to effect genuine changes in attitudes about such a critical sector for the UK's economy. We look forward to helping to further educate the public and young people on the exciting variety of opportunities available in the logistics sector, building more resilience into the workforce and keeping our economy growing." [4]

Mark Harper, Transport Secretary at the Department for Transport (DfT) also nodded to the positive impact that the initiative has had on showcasing the diversity of career opportunities in the sector, with the first year of the initiative reportedly contributing to a far more stable logistics industry workforce. [2] As such, the Department for Transport continues to support Generation Logistics (with a further £300,000 of government funding announced in 2023) alongside industry veterans and Generation Logistics sponsors such as: DHL, Prologis UK, Amazon, Network Rail, and X2 (UK). [3]

Commenting on its support for Generation Logistics and offering food for thought, Alastair Frobisher, Sales & Marketing Director at X2 (UK) stated: "Although we're still a long way off closing the gap between talent supply and demand within the logistics field, Generation Logistics' efforts to raise awareness of those opportunities available is already reaping rewards for the sector. As a Silver Sponsor of the initiative, we're both proud of our involvement in these activities and understand the responsibility that all logistics organisations have in addressing these challenges."