



The Future of Workforce and Talent in the Logistics & Supply Chain Industry



THE ADECCO GROUP

Foreword

As the threat of the pandemic stabilises, companies are starting to smooth out their forecasts and workforce needs. Consumer behaviour is also changing, with some people keen to get back in shops as restrictions ease. We're not back to pre-pandemic models – we never will be – but the balance between in-store and online retail has shifted again. Where it settles is still to be determined. Current uncertainty in the market is also having an impact.

The rise of e-commerce has again underlined the need for profound technical change and boosted progress in this area. With the rapid advancement of cloud-based technologies, artificial intelligence (AI), and robotics, companies will need to reassess their business models, and fast. The technology revolution isn't years away - it's here, and it could dramatically change the workforce structure.

Re-skilling and up-skilling will help businesses leverage their existing workforce and should be a priority across the sector over the next couple of years. This could be a big cultural shift for both workers and leadership.

Businesses also can't ignore the geopolitical landscape. While there is still so much we don't know, it's clear the war in Ukraine will have wide-ranging and long-lasting consequences for the logistics industry. Leadership

will have to grapple with the uncertainty surrounding fuel and food supply, rising prices, altered consumer behaviour and migration across Europe, from East to West.

As the industry continues to adapt to changing demand, technological advancements, shifting attitudes to work, and global geopolitics, the big question becomes: how do you attract and retain talent?

The job market has never been so interconnected. Logistics companies aren't just competing within their increasingly crowded sector, but with hospitality and other industries all vying for the same talent.

Employers will have to look at everything – from how they work with colleges and universities to their wages, bonus packages, their company culture, and the flexibility they can offer – to stay relevant and competitive.

Bill FitzPatrick

Global Industry Lead Logistics,
The Adecco Group



Executive Summary

The logistics and supply chain industry is entering a period of profound change. The COVID-19 pandemic sped up digitalisation and technological innovation, widening skills gaps and making workforce planning more complex. This white paper outlines the specific trends in more detail and considers how HR can help the logistics sector become fit for the future.

When countries went into lockdown in the spring of 2020, the centre of gravity of our lives moved to our homes, turning them into work, schooling, and entertainment environments. For those who could work from home, the world changed overnight to an 'online village', leaving logistics and e-commerce business scrambling to keep up.

The incredible acceleration of e-commerce in both the business-to-business (B2B) and business-to-consumer

(B2C) spaces has impacted the whole supply chain network. This, combined with the pandemic and shutdowns of entire factories, warehouses, and ports, has put tremendous strain on all aspects of the sector.

And as the pandemic is driving further consolidation and competition, finding innovative ways to meet customer expectations has never been more important. This is a moment of reckoning for the industry.

Tackling labour shortages in an increasingly digital world

In the context of a serious shortage of labour affecting all industries, the logistics and supply chain sector needs to retain and attract new candidates to meet growth and consumer demand. To do that, it must change prospective workers' perceptions and enhance its employee value proposition.

Traditionally, the sector has battled with an image problem, being associated with low-paid, physically demanding jobs. And as an industry built around physical locations, it's not well prepared for the current cultural shift towards hybrid or remote working.

To address labour scarcity, the industry's talent management and recruitment strategies need to appeal to a younger, more mobile, diverse, and global workforce. Companies also need to go beyond pay to attract workers, which calls for a more holistic HR approach. Businesses will also need to challenge long-held perceptions to attract more women and gain access to a largely untapped labour pool.

Industry leaders must also take stock of the skills that exist within their talent pools, and balance that with their requirements for the future. With automation making a big impact on logistics operations, the need for **digital skills** calls for more investment in up-skilling and re-skilling. The pressing need for the creation of digital skills will separate companies in the future when it comes to up-skilling and re-skilling.

Digitalisation and the shift towards more sustainability also present opportunities to reinvigorate the sector's image and provide exciting career opportunities to both existing talent and new workers.

According to our research, conducted in 2022¹

- 29% of workers in this sector want to quit their job in the next 12 months, compared to 27% globally
- Of those 29% who want to quit, 51% say it's to have a better salary, 25% say it's to gain more flexibility

Key trends

- E-commerce boom or bust?
- Last mile delivery
- Digital transformation
- The green transition

Talent Challenges

- Talent scarcity
- Employer branding deficit
- Skills imbalances
- Ageing workforce
- Retention
- Wellbeing and safety

Workforce & Talent Management Solutions

- A. Increased Flexibility
- B. Career Opportunities
- C. Better Change Management
- D. A strong Environmental, Social & Governance (ESG) Plan



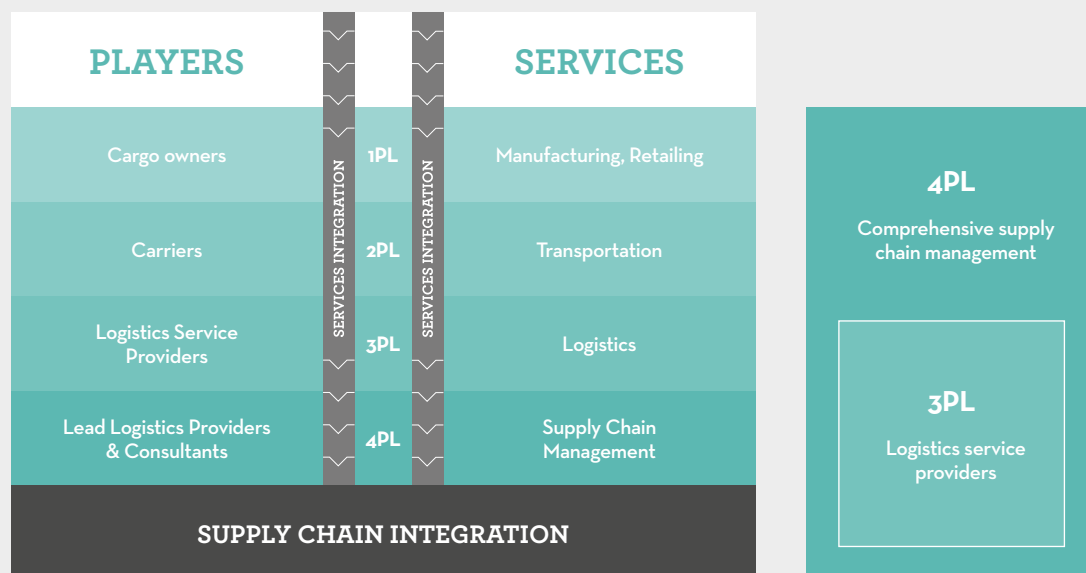
Section 1

Industry Analysis: Booming e-commerce has brought workforce issues to a head

The **global e-commerce market** hit US\$4.94 billion in 2021 and is expected to reach US\$7.39 billion by 2025.² Global e-commerce sales increased by 28% in 2020 compared with 2019, more than doubling the growth of previous years.³ The US also recorded its highest-ever level of warehouse employment in 2020, at 1.25 million workers. By 2029, an additional 600,000 US logistics job openings are expected.⁴

The e-commerce boom has led to incredible **growth in the logistics sector**. Despite ongoing challenges around driver shortages, fuel costs, and congestion on roads and around ports, we expect to see business growth of around 25% in the logistics sector in 2022. That growth is now slowing down.

The logistics and supply chain industry includes all related activities of freight, storage, loading, unloading, packaging, distribution, and information management- in-house as part of the supply chain management, or outsourced. That extends to third party logistics providers (3PL), which provide support in areas such as distribution, warehousing and/or fulfilment services and fourth party logistics partners (4PL), which offer comprehensive supply chain integration and transformation services.



Companies reporting record earnings in 2021

Deutsche Post DHL closed 2021 with record earnings of more than €8.0 billion⁵ and continued its growth in Q1 of 2022 with an operating profit of €2.2 billion.⁶

Shipping giant **A.P. Moller-Maersk** recorded US\$61.8 billion in revenues in 2021, up 55% from US\$39.7 billion in 2020.⁷

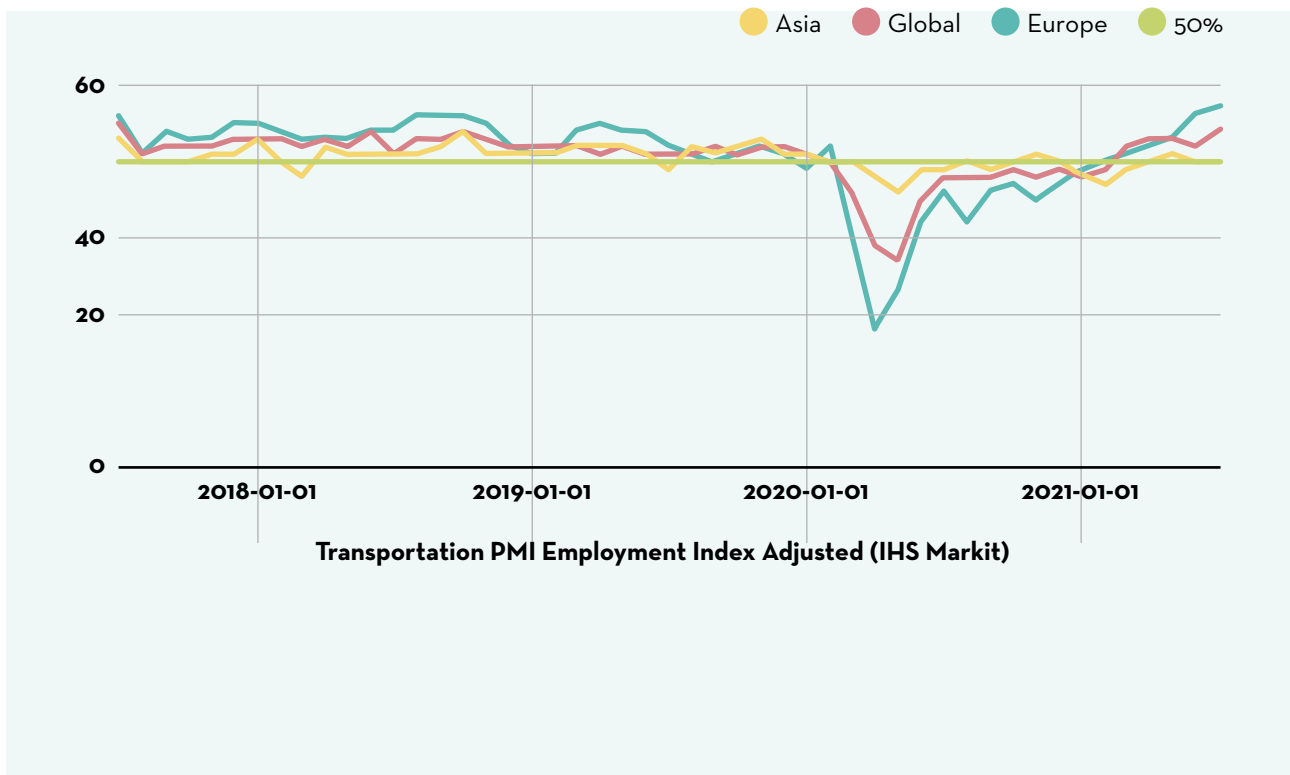
UPS has generated more profit in the first nine months of 2021 than any full year in their history⁸ and announced a 17.6% consolidated operating profit increase in the first quarter of 2022 compared with last year.⁹

Fast forward to September 2022 and the e-commerce boom and growth that logistics companies have seen in the past few years seem to have slowed down significantly. FedEx actually issued profit warnings, with analysts viewing this as a telltale sign of economic woes to come.¹⁰

Growing workforce demand

While the transportation workforce was impacted by the pandemic, with companies recording a drop in overall employment in 2020, the industry rebounded quickly. Over 50% of companies surveyed reporting an increase in employment levels through the global Purchasing Managers' Index (PMI) survey in 2021.¹¹

PMI employment index



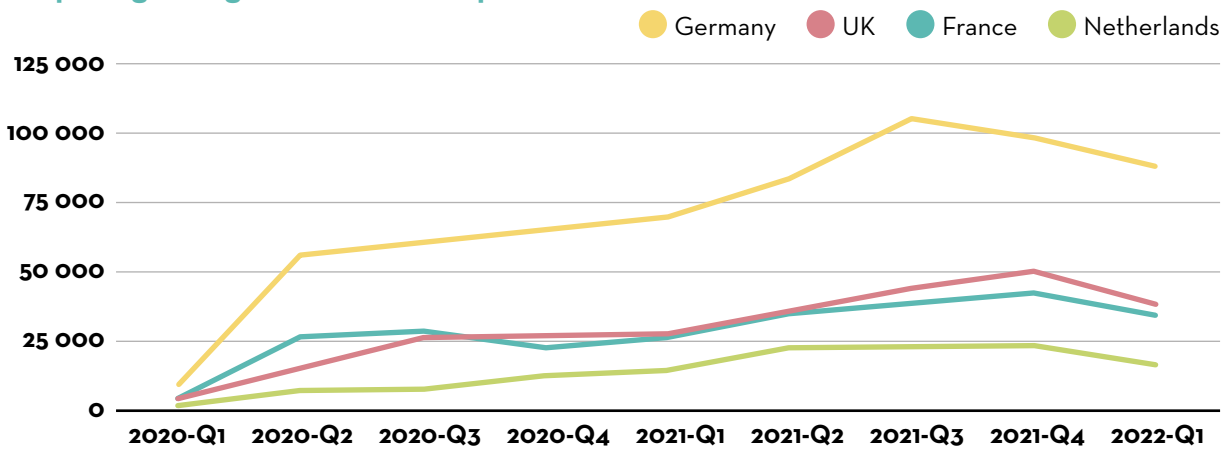
In July 2021, the US warehouse and transportation industry had a record 490,000 openings.¹⁴

Advertisements for logistics roles in Europe have increased dramatically since the start of the pandemic, reaching a peak in the third quarter of 2021.¹⁵ The US job market showed a different trend, with advertisements peaking in the first quarter of 2021 before returning to pre-pandemic levels.

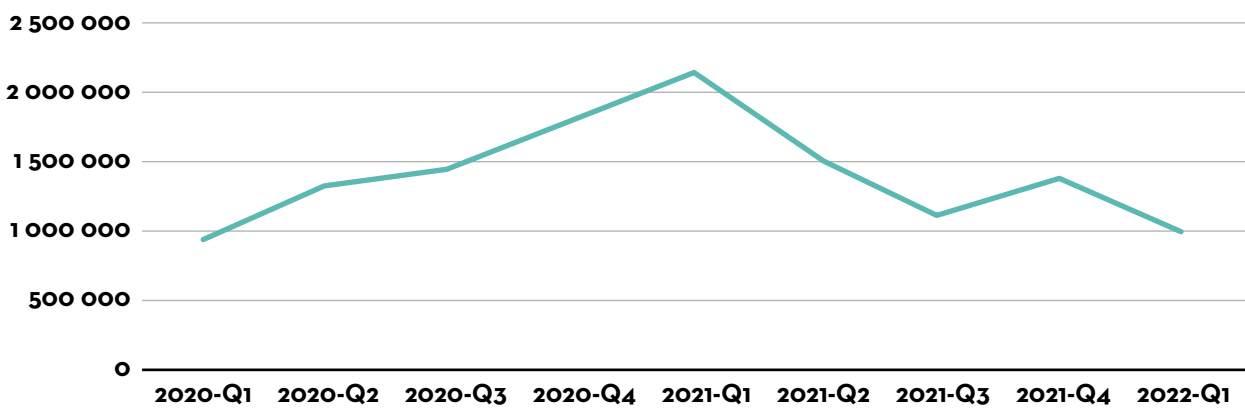
While this figure isn't representative of the full hiring market, it's an indication of the demand for logistics roles – representative of both the growth and the high turnover the industry is experiencing.

In April 2021, the US warehouse and storage sector workforce had increased 13.6% year on year¹² and warehouse employment reached 1.7 million in December 2021. In the UK, Amazon alone created 25,000 permanent positions in 2021 across the company.¹³

Job openings in logistics across Europe



Job openings in transportation/warehousing in US



Source: Adecco Group Skills Predict/Jobfeed by Textkernel. Data extracted in March 2022.

“I believe part of this downward trend is also low unemployment in specific geographies. If you look at Brazil, they have a much higher unemployment rate and people are not as selective when it comes to warehousing positions”, says FitzPatrick.

A sector struggling to attract and retain talent

Given the industry’s growth, the prospect of a stable career in the logistics sector is strong. And yet, companies are still having a hard time attracting and retaining people.

According to the Adecco Group’s observation in a talent scarcity survey¹⁶, 4 of the top 10 logistics job types face a severe scarcity of candidates, with the biggest shortages among drivers and forklift operators.

In both 2020 and 2021, Jobfeed data lists freight drivers as the most advertised for job type, with 3.7 million adverts listed in 2021 across the US, France, Germany, the Netherlands, and the UK. This shortage of Heavy Good Vehicle (HGV) drivers is a long-standing issue that has been exacerbated by the pandemic, with many drivers taking early retirement or changing career once the pandemic hit. The US alone has a shortage of around 80,000 truck drivers, which could double over the next decade.¹⁷

The average age of road haulage drivers in the UK, for example, is 57, while more than 80% of transport managers are over 45. With 80,000 EU nationals leaving the logistics sector after Brexit, this has turned into a particularly difficult situation in the UK.¹⁸

Most logistics job types showed an increase in the number of advertisements posted in 2021. The roles experiencing the biggest year-on-year increases in job adverts include planners, loaders and order pickers, and management analysts and consultants.

Other roles that are in high demand and difficult to fill are recruiters, program managers (multi-disciplinary), delivery service partners, HR operations, and maintenance engineers. Vacancies like these can slow down recruitment and can affect worker experience and retention.

The reputation of the industry exacerbates this candidate shortage, with companies having a hard time convincing candidates that they have modernised and can offer flexibility – something increasingly important to people in general.

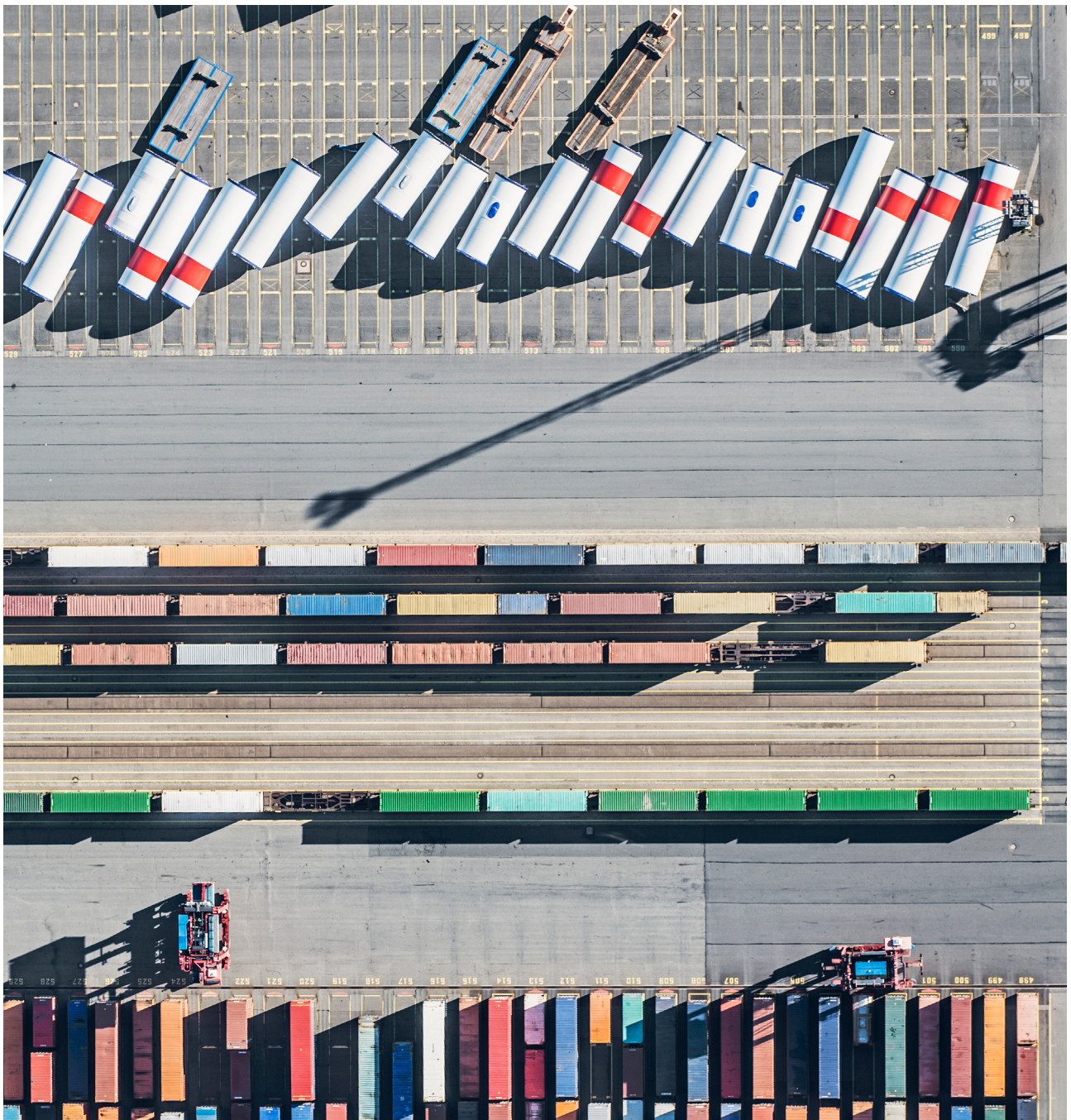
Along with difficulty in attracting new candidates, attrition is becoming an increasingly severe problem for employers. In what’s been dubbed the ‘Great Resignation’, the overall quit rate in the US reached an all-time high in November 2021, with 4.5 million resignations.¹⁹

“Attrition is a major issue in logistics”, said Jenny Heflik, Vice President of Global Accounts for Logistics at the Adecco Group. “Many of the roles don’t require a lot of previous experience, you can get trained and be ready to start work in 24 hours. So, there’s no blocker for people to change jobs. And right now, there are so many jobs out there.”

Legislative changes to contend with

Recruitment and retention efforts are also impacted by various legislative changes around the world. The Infrastructure and Investment Jobs Act in the US, currently on hold, which is promising huge investment, will lead to an increase in labour demand in the construction space. The logistics sector typically competes in the same worker pool.

After the Labour Reform in Mexico was enacted in August 2021, temporary labour was no longer allowed.²⁰ On the other side of the Atlantic, in 2022 the Spanish government passed new legislation abolishing fixed-term contracts²¹ and introducing permanent contracts for seasonal work.



Section 2

Four trends in the logistics and supply chain industry

While the pandemic has accelerated e-commerce growth and digital innovation, and may have exacerbated labour shortages, these trends have been apparent for a long time. Logistics players have had to face increasing uncertainty, volatility, complexity, and risk.

To structure all the change that the industry is undergoing, we have identified **four megatrends** affecting the logistics and supply chain sector:



e-commerce boom or bust?



Last-mile delivery



Digital transformation



The green transition

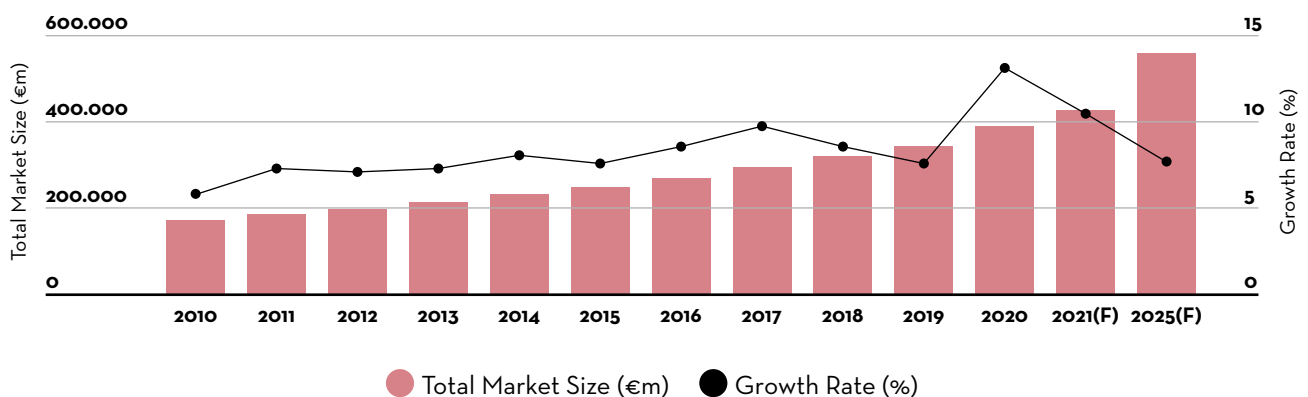
Trend 1:

The e-commerce boom impacting logistics is now slowing down

The average global share of consumers who shopped online by the end of 2020 was 85%.²² While lockdowns have certainly accelerated this trend, many expect changes in consumer behaviour – such as the preference for online purchasing – to continue to gain momentum, even as the threat of the pandemic recedes.

In the Deutsche Post DHL Express network, B2C e-commerce volumes increased by 40% in 2020²³ and remained at this higher level through the second half of 2021.²⁴ And the global express market was expected to grow by 10.4% in 2021, despite a slowdown in the second half of the year, and maintain a compound annual growth rate (CAGR) of 7.7% through to 2025.²⁵

Global Express & Small Parcels Total Market Size & Growth 2010-2025²⁶



B2B e-commerce is also thriving, with global B2B e-commerce sales reaching US\$12.21 trillion in 2019.²⁸ The market is expected to reach US\$25.57 trillion by 2028²⁹, expanding at a CAGR of 18.7% between 2021 and 2028.

The US 3PL market is expected to grow during 2022-2027 at a CAGR of 6%.³⁰

This online shift has changed the game for the logistics sector. Customers now expect to get goods delivered within one to three days and are demanding more flexible delivery options, at low or no additional cost. While on-demand delivery was always the way the industry was heading, the pandemic has dramatically accelerated progress.

Delivery is now an integral part of a customer's retail experience, with the potential to impact e-commerce brands' reputations. Three in four customers reported having a negative delivery experience in the first part

of 2022, leading to poor online reviews for e-commerce brands – reviews that have nothing to do with the products on sale.³¹ Poor delivery also risks future sales, with 23% of customers reporting they wouldn't order from a retailer again after a bad delivery experience.³² This is a key component that drives cart abandonment.

“Businesses will have to balance customer expectations with the cost of service, which is being dramatically driven by the volatility in the market right now because of global conflicts, consumer confidence issues, and political instability” says FitzPatrick.

The e-commerce boom has changed the structure of the workforce, shifting jobs from stores to warehouses. As such, there will be a high demand for warehouse operators and increased competition between providers in certain employment areas – last-mile delivery drivers, supply management specialists, and specialised drivers.

Trend 2:

The last mile is an innovation sprint

In a product's journey from warehouse to doorstep, the “last mile” is key to keeping customers happy. It's also the most expensive and time-consuming part of the shipping process.

According to Business Insider, last-mile delivery makes up 53% of total shipping costs.³³ And with expectations of free shipping and free returns growing, companies are looking for ways to streamline the process. It has also revealed a gap in the market – with large logistics companies struggling to meet demand, last-mile start-ups are emerging.

“Most of the large shipping companies have had banner years in terms of profitability, because they continue to apply surcharges during seasonal shipping to deliver to people's homes, and people don't have a variety of options”, says FitzPatrick.

“The emergence of last-mile companies that can offer retailers delivery options at “all in” rates reducing the risk of surcharges being applied during the next billing cycle could be game changing. I think we're going to

see an expansion of menu options when we check out online”.

Most new entrants are start-ups with asset-light ‘sharing business models’, which could trigger the ‘uberization’ of the logistics industry.

Some of the emerging players include AxleHire³⁴ and Veho³⁵, which take packages from meal kit companies, speciality retailers and sort into predefined routes that are bid on by gig workers. This goes beyond the ‘messenger model’ employed by most start-ups, including Uber, where a single package is delivered per trip.

Start-ups like Piggybee employ a different model, connecting users with travellers heading where they need their package to go.³⁶

While most companies are focusing on AI and big data to optimise efficiency, delivery technology – like drones and electric vehicles – are increasingly part of the mix.

Aerial drone delivery stands out for its potential to deliver to remote locations. In 2021, NHS Highlands partnered with Skyports and began using drones to carry COVID-19 test samples and other medical materials between remote medical facilities.³⁷ And Zipline and UPS were using medical drones to deliver COVID-19 vaccines to remote locations in Ghana.³⁸ To enhance last-mile delivery in urban areas, Amazon Scout, Starship Technologies, and Eliport are all developing doorstep delivery drones.³⁹

With new last-mile delivery companies emerging all the time, the gig economy looks set to increase in logistics. FitzPatrick sees it as a rebalancing of opportunities within logistics. “As automation increases and last-mile delivery options increase, there’s going to be a shift from warehouse jobs to shipping jobs, which might be in the gig economy. The big question is how to provide those workers with sustainable opportunities?”

Companies will also have to consider how to balance this with other employment methods, as well as keep an eye on regulatory changes.

In the EU, new regulations are already in the making. The European Commission launched a proposal for a set of measures to improve the working conditions of platform workers.⁴⁰ And in the US, the Biden administration has said that “most gig workers should be considered as employees”, which could raise costs for companies that employ gig workers.⁴¹

With new companies, business models, and technology emerging all the time, established players are having to rethink their plans. In order to meet rising demand and stay competitive, Amazon has started operating its own fleet of cargo planes and has made investments to be able to transport its own packages more efficiently and cheaply.⁴² The company was promising to deliver more packages than UPS and FedEx in the US by the beginning of 2022.



Trend 3:

Digital transformation is the future – but it requires investment in the right skills

Advanced robotics and automation technologies can already enable companies to offer better services while saving money. Package delivery could also make more use of automation, through innovations like autonomous vehicles or delivery drones.

“We’re not at the full stage of autonomous vehicles yet, but we’re getting there with warehouse capabilities of pick, pack, and shipping. And all this technology is an investment,” says FitzPatrick.

In the broader industry, there are more investments in this area. For example, manufacturing companies such as MAN Truck & Bus are investing in self-driving trucks, with the introduction of autonomous zero-emission trucks expected by the end of the decade. The plan is also to cooperate with logistics companies to test automated hub-to-hub traffic and make them available by 2030.⁴³

Studies show that more than 80% of all warehouses have no automation at all.⁴⁴ While logistics companies can see the potential of automation, they have in the past invested conservatively. According to McKinsey, back in 2019, investment in warehouse automation was growing slower in logistics than in the retail, automotive, or pharmaceutical sectors.⁴⁵ The overall warehouse automation market is now expected to record annual growth between 2021 and 2030 of around 10%.⁴⁶

Automation is just one element of digital transformation. In an uncertain and complex world, there is growing need for advanced visibility to better address fast-changing situations. That puts the smart use of data at the centre of the transformation. This will result in a more resilient and agile supply chain, powered by technologies such as internet of things (IoT), AI, and blockchain. These technologies will digitally interconnect the supply chain ecosystem and improve collaboration, visibility and risk management.

With the continued integration of end-to-end digital supply chains and materials handling equipment

boosting the use of warehouse management systems/ warehouse control systems, the need to focus on compliance and security is increasing. This digital transformation will change the make-up of the workforce, creating new jobs and opportunities while also reducing the demand for some warehouse roles.

But while some jobs will expand or shift focus, and new jobs will be created, others will remain a core part of the business. “We’re still going to need forklift drivers and truck drivers”, says Heflik, who is keen to stress that while automation and digitalisation should rightly be a priority for logistics companies, it will not eclipse the need for people with the right skills. “Technology is revolutionising the sector, but businesses will still need people and will need to invest in people’s skills”.

42% of workers in this sector worry that Automation (e.g. machinery and equipment doing jobs humans once did) will impact their job in the future.¹

- 49% worry that automation will make them lose their job
- 68% think automation will force them to learn new skills

The time to offer reskilling opportunities for warehouse workers will pay long term dividends for companies willing to invest now. It will improve retention and create employee loyalty through innovative culture in the workplace. We should always be thinking of how we can keep focus on human capital management. Going forward, it is all about creating the right employee experience. ”

Bill FitzPatrick

Global Industry Lead Logistics,
The Adecco Group

Trend 4:

Full speed ahead to a green transition

The logistics and supply chain sector is considered a cornerstone of the transition towards a green economy. Transportation was responsible for 27% of greenhouse gas emissions in the US in 2020.⁴⁷

At the same time, the logistics sector is particularly vulnerable to climate-related risks due to its dependence on physical infrastructure such as roads, warehouses, (air)ports, and railways.

Businesses within the logistics sector are working to:



Decarbonise transport



Innovate last-mile delivery



Employ circular business models



Reduce energy consumption



Respond to legislative and regulatory pressure



Leverage automation/digitalisation and AI

This work could have a knock-on effect on the workforce. “When you look at decreasing carbon emissions, solutions could include electric vehicles or drones, which will have an impact on the jobs businesses need”, explains Heflik. “They’ll also need people with an understanding of the technology – because companies now have to understand IT as

a buyer in a way they don’t right now. Sustainability, digitalisation, the jobs of the future – they’re all linked”.

A commitment to sustainability could also make companies more attractive in the market. “People want to work for companies that care about their people and their impact”, adds Heflik.

Current commitments

Maersk

Largest container fleet in the world

Commitments: Science-based target by 2030 and target net zero by 2040⁴⁸

Investment focus: Green fuels for shipping and energy efficient terminals

Deutsche Post DHL

Largest logistics company

Commitments: Science-based target by 2030 and net-zero emissions by 2050⁴⁹

Priorities: Sustainable aviation fuels, electrified last-mile delivery and carbon neutral-buildings

FedEx

Largest cargo airline fleet

Commitments: Achieve carbon-neutral operations by 2040⁵⁰

Priorities: Sustainable aviation through more efficient planes and biofuels

Section 3

Adapting Workforce and Talent Management Strategies

Looking at **the four megatrends** shaping the industry, how can companies overcome the challenges and take advantage of the emerging opportunities? The HR talent management strategy that the industry needs to drive a successful transformation can be structured around four pillars:

- A. Increased Flexibility
- B. Career Opportunities
- C. Better Change Management
- D. A strong ESG Plan

Seven questions industry leaders should be asking themselves:

1. How do I deliver increased efficiency in my warehouse operations in the margin-pressured world of e-commerce?
2. How do I respond efficiently to demand volatility and seasonality?
3. What are the best ways to design shift patterns that support workers' health, safety, and work-life balance?
4. As the industry further consolidates and becomes more global, how do I become an employer of choice?
5. How do I manage my risk around working conditions and regulations during this transition?
6. How do I up- and re-skill workers for the green transition and increasing automation and digitalisation?
7. Where can I find the expertise I need to become future-fit and take advantage of digital transformation? With whom should I partner?

A. Increased Flexibility

One way that companies can become more competitive is to streamline the recruitment and onboarding process.

“It’s about recruitment being flexible for people. When someone needs a job, they often need it now, not in two months’ time,” says Heflik.

Response to candidates should be within a 24-hour window (or sooner) and recruitment steps should be streamlined. Companies need to move away from manual reporting and invest in centralised and fully

digital end-to-end hiring solutions. To ensure short time-to-hire and full transparency of the process, companies should employ digital solutions. This will enable quick access to data and control of the recruitment process.

“Imagine applying for a job through an app. You select the job, the contract type, the shift patterns you want to work, all while sitting at home. That’s the future”, says Heflik.

Companies also need to become more flexible in their requirements. For example, where language is not a prerequisite to performing tasks, companies can hire outside the regular pool of candidates. To compensate for potential language barriers, companies could build communities within the foreign-language part of the workforce, where designated members who speak the company's operating language can act as translators and culture ambassadors.

Flexibility at work

Increasingly, candidates expect **more flexibility**, as they seek a better work-life balance and better benefits. "People need flexibility in their roles and right now, that's not something many logistics companies are offering", says Heflik.

For Heflik, it starts with the flexible shift patterns. "When I started in logistics back in 2008, we had early, late, and night shifts for part-time and full time, with the shifts rotating on a weekly basis. It was very difficult for parents or students to plan their activities around that. And, largely, companies have stuck to that pattern. But now there are so many shift patterns on offer in other sectors – flexible shifts, mid-day or shorter shifts

can help students or parents fit work around their other commitments"

Companies with creative payment methods, such as the ability to receive payment after a shift, will also stand out.

Some companies are looking at four-day workweeks or considering remote work on certain days in an attempt to counter the effects of the 'Great Resignation' and help workers deal with the 'new normal' world of increased childcare or elderly care responsibilities due to the changes imposed by the pandemic. Of course, in many cases remote work will not be possible, but employers need to think hard and find solutions so that they can support their workers better.

To respond to changing expectations in the labour market, HR solutions need to be tailored to the specific company's needs. They must be able to deliver better compliance and workforce management, increase productivity, and address the imperative for on-demand and flexible labour. It also needs to take into account when it is appropriate to implement a global standardised operating model that is scalable across several countries.

Amazon is having a knock-on effect in the US, raising hourly rates for workers and increasing expectations around flexibility and benefits. The e-commerce giant now offers different work hours and allows some workers to pick or make last minute changes to their own shifts.⁵¹

This type of flexible scheduling has become a must-have. One way to meet employee demand and ensure shifts are covered is a mobile app. Through this, workers can move their shifts around, request time off or take vacation on a do-it-yourself basis.



B. Career Opportunities

The industry also needs to respond to the **skills imbalance**.

Digital skills are needed at all levels of the supply chain, as is greater expertise in supply chain management, with a good balance between soft and hard skills.

“Re-skilling and up-skilling will be critical”, says FitzPatrick. “Businesses will need to look at finding different ways to leverage their workers’ skillsets and create different opportunities for workers who have an understanding of the business model. They can’t just dissolve the workforce and start again”.

Renewing the workforce rather than replacing it is significantly more cost efficient and retains crucial in-house expertise. Apprenticeship and development programs can help develop much-needed technical skills.

- 45% of workers in this sector say their company is investing effectively in developing their skills, compared to 49% globally
- 47% of workers in this sector say their company regularly assesses their skills and helps them devise a development plan, compared to 50% globally ¹

“Giving people an opportunity to develop within the company and gain new skills, regardless of their role, will help with retention and future-proofing the business”, says Heflik.

And where layoffs cannot be avoided, industry players need to take responsibility for the people that have helped build the businesses and support them in finding new opportunities via outplacement services and employment bridges.⁵²

Attracting new talent

Companies also need to look at how they partner with schools, colleges, and higher education to attract new talent. “Businesses should start building relationships with students as future workers. They could offer summer jobs in the warehouse or internships and that could lead to discussions about future opportunities”, Heflik suggests.

Companies need to identify what they can do to stand out from the competition. Beyond offering flexibility and the potential to develop within a company, performance bonuses, holidays, and programmes that support workers mental, financial, and physical wellbeing can help.

- 24% of workers in this sector say their mental health has worsened over the past 12 months
- 44% of workers in this sector worry about experiencing burnout in the future
- 63% of workers in this sector worry that salary is not high enough to deal with current rates of inflation, compared to 61% globally ¹

The logistics sector also needs more investment into long-term workforce planning, with multi-year plans to attract, recruit, train, and engage the workforce. This holistic workforce management approach could help ease long standing labour shortages.

Businesses can also attract people with their purpose — digitalisation or becoming a carbon neutral company. It will get people talking about you in a more positive way.

Jenny Heflik

Vice President of Global Accounts for Logistics at the Adecco Group

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C. Change Management

The **new competitive landscape** has also highlighted the need for strategic recruiting alliances and more centralised contracts. Companies need to be prepared for outplacement, re-organisation, integration, and change management.

“Companies need to keep pace”, says Heflik. “There’s so much change happening in the sector – automation, digitalisation, attrition, changing customer behaviour, and a shifting geopolitical environment – and companies need to adapt to keep up”.

Due to the third megatrend of **digital transformation**, greater skills are required across the board, including for operators and drivers. At the same time, there is a high demand for experts in digital supply chain and analytics. This will require a robust change management approach.

“Leadership need to embrace change and set a positive example as businesses evolve. They need to be transparent with workers about what’s coming and foster trust”, explains Heflik, who says a focus on people is vital.

“Businesses must take care of their existing workforce and make sure they’re going through that change together and that they see the value in that change. And then build a diverse and inclusive culture that embraces new talent. This is where outsourcing can be great. If companies don’t have the headspace to look at workforce planning, they could outsource that thinking to expert organisations and focus on their core business goals”.

D. ESG Plan

More than eight in ten (83%) consumers, 91% of leaders and 86% of workers believe companies have a responsibility to act on environmental, social, and Governance (ESG) issues.⁵³

Having a diversity program in place that attracts women, for example, has become a critical element for the sector to address labour scarcity and build better, more resilient businesses. Maersk, for example, has committed to increasing the proportion of women in management to 40% by 2025, and the proportion of underrepresented nationalities at executive level to 30% by the same year.⁵⁴

Companies must weave ESG agendas into their operations and realise that they are intrinsic elements of their success – not least in creating a compelling employee proposition.

The logistics industry is changing. More women are accepted in what used to be predominantly male occupations, there is more diversity in cultural and educational backgrounds, and there is more cross-

industry exchange of talent. This fosters innovation and customer success, as a more diverse set of perspectives allow industry players to deliver new solutions and meet the new expectations in a green, inclusive economy.

However, there’s still a way to go. Forward-looking workforce strategies that embrace diverse talent from the outset and are inclusive by design are necessary to safeguard talent.

The logistics industry is relatively exposed to human- and labour-rights risks. Ensuring decent working conditions and uncompromising respect for human rights is a key focus in light of growing pressure from regulatory frameworks on value chain human rights due diligence.

As logistics companies move away from defensive-only strategies towards holistic sustainability plans, a strategic, people-centred approach allows industry players to capitalise on the vast opportunities in a green and inclusive economy.

Conclusion

The COVID-19 pandemic has pushed this industry forward, mainly due to the e-commerce boom. It has also highlighted the extent to which transportation and logistics are vital to the smooth running of society.

While the threat of the pandemic is receding, recent geopolitical events have sent seismic shocks around the world. With the conflict ongoing, it is impossible to know the impact the war will have on Ukraine, Europe, and the world, but it's clear that it will have rippling effects across industry. Business will have to contend with inflation, rising fuel costs, altered consumer demand, and ongoing geopolitical and economic uncertainty.

Amidst this uncertainty, companies cannot afford to take their foot off the gas. With an ageing workforce, advancing technologies, and new regulations, organisations must proactively address the logistics workforce talent crisis head on and come up with bold solutions. To do that, they need to be more focused on the needs and expectations of their workforce and find comprehensive solutions to address workforce planning, development, and transformation needs, while at the same building an enhanced employee value proposition.

1. Re-examine value propositions

Ensuring the business is offering the flexibility, support, and opportunities workers want and need will keep the industry competitive.

2. Invest in skills for the future

Addressing the skills gap by re-skilling and up-skilling current workforce and partnering with schools and higher education to bring in new talent will ensure business are ready for the ongoing technology transformation.

3. Develop a solid transformation plan

Investing in a holistic talent management approach will allow industry players to capitalise on the vast opportunities in a green and inclusive economy and ensure workers understand, support, and actively participate in transformation strategies.

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