

European Strategy Report [Germany]

Recruiting and Retaining a Low-Skilled and Skilled Workforce in the Logistics Sector

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Context

This country report presents input to EU Strategy suggestions and guidelines for upskilling low-skilled people so they can cover future staff requirements. It is based on findings associated with the REPLAY-VET project, a 2-year EU funded ERASMUS+ project led by Prospektiker in Spain with partners across Europe. Europe has a pressing need to tackle future demand to replace workers, caused partly by an ageing workforce and new technologies, and persistent low skill levels among much of the workforce. *The project used a network of expert labour market analysts to explore what new policy and practices can assist Europe in tackling replacement demand, by supporting people with low skill levels in various sectors.*

In Hesse the focus was on *the logistics sector*. The work has resulted in a series of reports, events and a Toolkit with 'How To' guides (http://www.regionallabourmarketmonitoring.net/replayvet_project.htm). This strategy paper aims to highlight key challenges and suggest appropriate solutions which are relevant across much of the EU and different employment sectors.

Challenge: The logistics sector is one of the four largest sectors for employment in Hesse. Despite a growing number of vacancies for both low-skilled and skilled positions, employers struggle to attract, retain and, when necessary, up-skill employees. Demanding labour conditions, such as shift work and physically strenuous tasks, contribute to high fluctuation among the workforce. Under-representation of women and older workers (55+) is particularly acute in many occupations within the sector. In addition, an increasing number of skilled vacancies in the sector require further training and qualifying of low-skilled workers in order to meet employer demands. The ability and willingness of employers to provide trainings and of employees to participate in trainings present obstacles to the successful up-skilling of the workforce.

Different occupations in the logistics sector require different approaches to successful recruitment and training of the workforce. The three most common occupations in the logistics sector are warehouse logistics, transportation and fleet management. Both warehouse logistics and transportation employ a higher percentage of low-skilled workers, but a lower percentage of women and older workers. Although fleet management tends to have more balanced gender distribution and is often an area to which older workers are reassigned, there are fewer low-skilled jobs available, and therefore this occupation could benefit from up-skilling of the available workforce.



This project also found that the ways in which logistics companies provide up-skilling largely depends on the size of the employer, with large companies better able to offer and encourage formal training and qualification opportunities. Not only are smaller employers typically less aware of subsidised training programs at the regional, federal or EU-level, but when they do provide training, it is more likely to be informal and in-house. Smaller employers tend to provide informal training due to a lack of resources to provide formal training or as a method of retention, as informal, in-house training is less likely to be recognised by other employers.

It can also be difficult to motivate logistics workers to participate in formal training. There is a lack of personal identification with the sector or individual employers, which discourages workers from committing more time and energy to further education. In addition, concerns about long periods of training with reduced pay disincentivise participation in trainings.

Policy recommendations at regional/sub-regional levels

1. Develop local stakeholder recruitment networks

Coordinated messaging from actors involved in the recruiting process can help fill the many vacancies in the logistics sector. Stakeholders across the region, including employment centres, training facilities and employers, often have divergent perspectives about recruiting and up-skilling and they have access to different resources and information. *By organising stakeholders into local recruitment networks, information can be more effectively communicated and coordinated across the sector to activate job seekers with particular hurdles to employment (e.g. single parents, refugees, long-term unemployed). By working together, networks can better assess the needs of employers as well as the needs of workers regarding issues such as wages, coaching and training opportunities.*

Local networks can work together to identify the most attractive aspects of the sector to help improve the reputation of jobs in logistics among potential workers. A network can also designate contact persons for specific areas of activity or task forces to help define a structure for the network, distribute responsibility and enable clear interactions between stakeholders. Task forces can be organized around issues such as international and regional recruiting efforts, work-life balance and recruiting women.



2. Increase awareness of available funding and subsidies for training

It is important for funding agents (e.g. the Federal Employment Agency, the Federal Ministry of Labour and Social Affairs, the European Social Fund or regional actors) to *more actively publicise and promote training and subsidy programmes*. Publically funded training programmes can help low-skilled people obtain sought-after qualifications such as truck driver licenses or forklift operator licenses. However, the majority of companies, especially small and medium-size enterprises (SMEs) which often lack dedicated HR and/or training staff, are not sufficiently informed about available programmes and training vouchers. Training providers often interpret low participation in training programs as a lack of commitment or interest on the part of employers.

Funding agents can also collaborate with training providers to raise awareness among employers and employees of the benefits associated with training. If employers recognise that they can train and qualify their employees at little to no expense to their organisations, they may be more likely to encourage workers to take part in qualifications. If employees are made aware of the potential personal benefits they can obtain through publically-funded training, such as job stability and increased earning, they may be more motivated to participate in training programs.



**3. Establish
more
efficient
paths to
qualification
and
employment**

Streamlining qualification programs and more quickly integrating new hires into the work environment can help meet growing employment demand. The traditional path to becoming a commercial truck driver requires a three-year vocational training in Germany. Currently only 10% of commercial truck drivers have opted for this training path, while 90% have opted for an accelerated basic qualification (*beschleunigte Grundqualifikation*), consisting of 140 hours of coursework, ten practical lessons and a practical and theoretical exam. Similar accelerated programs for other regulated occupations could motivate more lateral-entry employees to consider a career move to the logistics sector. Shorter programs are also often easier to justify to current employers and employees alike, who are concerned about a period of reduced employment during the training.

Likewise, programs that help recognise foreign certificates and assist skilled immigrants and refugees in finding adequate employment and adjusting to the German employment system can also help grow the pool of qualified workers in the region.

Three key lessons relevant to European-wide skills and employment policies

Lessons identified from the Regional Report findings in Hesse that have particular relevance to skills and employment policy-making at the European level, include:

1

Alternative working models and more flexible skills assessments improve and diversify recruitment.

Physical burdens and incompatibility between work and family can discourage women from applying to or staying in jobs in the logistics sector. Some large companies have made efforts to increase the participation of women in the sector by identifying roles that are less physically strenuous and creating part-time positions and family-friendly shifts. Employment policies can help encourage the implementation of alternative working models in smaller companies as well. They can also define skills profiles for positions that require less physical strain, which may help attract and retain women as well as older workers.

Employers, trainers, employment agencies and job centres can more successfully recruit if they have a shared understanding of the skills profiles and employment demands in the sector. Employment agencies, for example, tend to over-estimate the skills required for employment in the logistics sector, while under-estimating the number of career opportunities available for low-skilled workers. By contrast, business associations, employers and vocational trainers tend to be more optimistic about on-the-job up-skilling when both the employer and the employee are motivated.

Incentives help motivate low-skilled workers to participate in qualification programmes.

Many workers in the logistics sector lack motivation to participate in training. This stems from a lack of personal identification with the sector or employer as well as fears of reduced income during the training period. Policies can be developed to help ensure that trainings for current workers in the sector are compensated. It is also important that the employee sees the employer as a partner in the training process. Employers should be informed about how to access training funds for their employees. Employers should also be encouraged to provide financial and other incentives to employees who take on additional needed training. Well-informed employers are better-prepared to discuss the various training options and the benefits available to higher-skilled employees to help motivate employees to participate in further education.

2



3

Job-seekers with different backgrounds and experiences benefit from different recruitment and retention strategies.

Recruiting workers for the logistics sector requires diverse approaches, as the sector attracts a heterogeneous workforce. The sector has significant potential for employing long-term unemployed people. These individuals may require more support in the job search, recruitment and on-boarding phases. As the successful (re)integration in the labour market is a long-term process, additional resources, such as consistent contact with job centre representatives, can help support long-term unemployed job seekers throughout the early years of their employment in the sector. Long-term unemployed people may also benefit from qualifying programs that focus on lateral-entry and accelerated qualifications, as many are entirely new to the sector.

The sector also benefits from international recruitment and could increase its labour pool by recruiting more immigrants and refugees as well. These groups may need language training before recruitment and during employment as well as information about the German employment system.



Summary

The logistics sector is among the largest industrial sectors in Hesse and offers significant employment opportunities for low-skilled and skilled workers. Demanding labour conditions and negative impressions of the sector make it challenging to recruit and retain the necessary workforce. In addition, to successfully meet the employment demands in the sector, many low-skilled and lateral-entry workers require training and up-skilling. This report outlines a number of approaches for attracting and training new recruits and existing workforce in the logistics sector.

The federal and regional governments are introducing training vouchers and subsidies to qualify the workforce. Successful implementation is dependent on coordination and communication between employers, trainers and job centres. It is also important for employers and employees to feel motivated and incentivised to participate in training programmes. In order to broaden the recruitment pool, efforts have been made to accelerate qualification programmes for high-demand positions, improve recognition of foreign credentials and support German-language acquisition among immigrants and refugees. To ensure that recruiting and training programmes take into consideration the needs of a diverse recruitment pool, which includes long-term unemployed, immigrants and refugees, as well as women and older workers. Some companies are already re-thinking work models and required skills profiles for certain positions in order to recruit more broadly and effectively and to demonstrate the flexibility and openness of the sector.

Three key lessons to consider by EU policy-makers when developing workforce are:

- *Greater use of regional labour market indicators can help guide the development of targeted EU-wide training programmes and domestic as well as cross-border recruitment efforts*
- *Collaboration with regional actors and private companies can help re-brand an unattractive sector and make lasting changes to working models and labour conditions.*
- *Exchanging information and strategies across countries and regions can help develop generate diverse approaches needed to incorporate job-seekers with different backgrounds and experiences into the sector.*