



Logistics Sector Report

Re-imagining recruitment to win the competition for talent in logistics

To win in the competition for talent in the long term, employers will need to re-imagine how they attract and retain workers.

This report explores how businesses can take a more holistic and strategic approach to recruitment to unlock a long-term pipeline of talent.



A big (and growing) problem

Logistics is a sector at the nexus of a range of changes and mega-trends in society impacting labour markets. Logistics businesses are seeing record numbers of employees leave and struggling to attract and retain the employees they need to keep their operations running. The problem has been brewing for many years and is already well past crisis levels.

HGV drivers are leaving the sector at record levels

- ▲ According to ONS data, in Q4 2021, 8,000 HGV drivers under 30 years old left the industry. At 40% of the age group¹, this represented a huge rate of churn.
- ▲ In the over 45 years age group, 9,000 left the industry.

Employers are struggling to replace them

- ▲ According to Logistics UK, 93% of logistics businesses reported challenges in recruiting drivers.
- ▲ 42% reported very severe problems in recruiting drivers.²

Demand for labour is now vastly outstripping supply

- ▲ Job advertisements for van drivers increased by more than 500% in some areas of the UK over the year to February 2022.³
- ▲ From August to October 2021, the number of job vacancies in the UK (across all sectors) was 1.2 million, the highest since records began.⁴



“ Are we offering the soft benefits - flexibility, training opportunities, more holiday days - that are most valued by workers? ”

¹ ONS Quarterly Labour Force Survey
² Logistics UK – Performance Tracker – November 2021

³ Impellam Market Report – April 2022
⁴ Logistics UK – Skills and Employment Report 2021

Why are workers leaving?

To address the problem, it's essential to understand the root causes and, where possible, adapt our approach to account for them.



Workers see temporary work as just that...temporary

- ▲ Our independent research on sentiment in driver communities showed that 37% of 550 drivers saw it as a short-term occupational choice.
- ▲ Similarly, our data shows that 50% of temps view temping as a short-term career option.
- ▲ 30% of temps stop temping when they are offered a permanent role by a client - showing that they value the stability of earnings and certainty of a permanent role over the long term.

The pool of talent has shrunk

- ▲ Brexit has made the pool of talent smaller. In Q2 2021, 14,000 EU national HGV drivers left.⁵
- ▲ The average HGV driver is over 50 years old and this average age has risen in recent years, suggesting that young people are not joining the industry to replace those who retire.

The pandemic contributed to a 'Great Resignation' of workers

- ▲ From 2020 and through 2021, a higher-than-usual number of employees voluntarily left their jobs, often with no new job to go to. 14,000 EU HGV Drivers left the UK in the 12 months leading up to Q2 2020 with Brexit a key factor, reinforced by fear to return to home countries during the global pandemic.
- ▲ According to research by Microsoft, over 40% of workers globally⁶ considered leaving their employer in 2021.
- ▲ Ernst & Young research in 2022 showed 43% of employees say they are likely to leave their current employer within a year driven mostly by a desire for higher total pay, better career opportunities and flexibility.⁷

“ How can we demonstrate our commitment to workplace wellbeing? Can we improve natural light in our facilities, offer family-friendly working hours, establish workplace communities, provide mental health support? ”

“ Do our shift patterns, hours or driving routes suit our workers? Do we know what impacts their ability to accept shifts? ”

⁵ Logistics UK – Skills and Employment Report 2021
⁶ <https://www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work>

⁷ https://www.ey.com/en_gl/workforce/work-reimagined-survey

So what's stopping people from joining the industry?

There are barriers to new drivers entering the sector

- ▲ Driver training courses can be costly and time-consuming. According to Blue Arrow research, 60% of those who drive cars and vans as an occupation would not progress to HGV driving due to the cost of attaining the licence needed. A recent trial for a HGV Training Service by Blue Arrow in partnership with a national training provider identified over 500 van drivers who wanted to embark on HGV license training but were unable to continue due to the cost of training even on a train now, pay later scheme.
- ▲ It now takes even longer than usual to get a licence due to pandemic-related delays at the DVSA, whose own labour shortage has created a backlog in applications to take the HGV driving licence test.
- ▲ There is anecdotal evidence that many DVSA licence testers are leaving for better paid roles, so the testing delays may continue.

Income certainty and stability have become a bigger priority for workers

- ▲ As the cost-of-living crisis continues to bite, the uncertainty of temp roles might feel too risky, especially for workers with family responsibilities. Employers could consider offering fixed term contracts or permanent opportunities. The importance of regular work and recurring work patterns is critical to providing financial security.

Negative perceptions of the industry have put candidates off

- ▲ Long, lonely shifts during unsociable hours can make it difficult for workers to manage family obligations around work.
- ▲ In our survey of drivers, challenging working conditions with long hours spent away from home was cited as the second most important reason discouraging new drivers.

“ Are we excluding certain groups unconsciously? Can we make our recruitment processes more inclusive? ”





The labour market is changing

The balance of power in the labour market has shifted

- ▲ As unemployment rates fall, power has shifted from employers to employees.
- ▲ Permanent job vacancies increased by 22% from Q1 2021 to Q2 2022.⁸
- ▲ With demand for skills and talent exceeding supply, workers can pick and choose their roles.
- ▲ Although the 'Great resignation' has impacted sectors differently, a recurring theme across sectors is employees moving sideways or upwards for better pay and conditions.⁹

Workers are also placing more priority on 'soft' benefits

- ▲ Our own research shows that workers are placing greater emphasis on workplace wellbeing and flexibility.
- ▲ Flexibility has become an expectation, not a privilege - 80% of employees want to work at least two days per week remotely.¹⁰
- ▲ Almost a fifth of workers say they would move jobs for a better wellbeing programme.¹¹
- ▲ Mental wellbeing has a massive impact on workers and workplaces, with stress, depression and anxiety accounting for 70% of work-related illness in 2021.¹²

There's a risk of a race to the top (in terms of salaries)

- ▲ Attracting workers by increasing pay at peak times could spark a price war with so many employers competing for the same talent.
- ▲ HGV driver pay surged by 12% in 2021.¹³
- ▲ Competition for talent has already seen driver salaries increase sharply in the year to February 2022.¹⁴
- ▲ Rising cost of living and wage inflation is likely to make this strategy even less sustainable.

Key takeaway

With pay no longer the only motivator for employees, businesses that take a more holistic and strategic approach to their employee value proposition will be those that win the competition for talent.

“ Do we understand our workforce well enough? What do they need from us to help them come to work more often? ”

⁸ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/jobsandvacanciesintheuk/july2022>

⁹ <https://metro.co.uk/2022/03/30/the-great-resignation-who-changed-jobs-where-they-went-and-why-16369209/>

¹⁰ https://www.ey.com/en_gl/workforce/work-reimagined-survey

¹¹ https://www.ey.com/en_gl/news/2022/04/employee-influence-grows-43-set-to-quit-jobs-for-better-pay-career-opportunities-and-flexibility

¹² <https://www.hse.gov.uk/statistics/overall/hssh2021.pdf>

¹³ <https://logistics.org.uk/logistics-magazine-portal/logistics-magazine-features-listing/auto-restrict-folder/24-02-22/hgv-driver-pay-has-surged-by-12-logistics-uk-s-ski>

¹⁴ Impellam Market Report



So what needs to change?

Employers need to remove barriers for candidates entering logistics and make it easier to join the sector.

Possible solutions include:

- ▲ Offering driver training programmes to upskill workers.
- ▲ Providing subsidised LGV licences.
- ▲ Emphasising the benefits of driving as an attractive and sustainable career.

Looking holistically at what drives candidates to choose your business over others.

Key takeaway

Businesses need to take a multi-dimensional approach to evaluating their employee value proposition.

Re-imagining recruitment - How Blue Arrow can help?

Although still an important factor, salary is not the only lever that employers have to hand. Employers that are willing to adapt to changing expectations can establish a long-term strategy for success.

Questions to ask:

^ Do we need to redefine our employee value proposition?

- Do we understand what makes us different and attractive to candidates, when compared with our competitors?
- Are we offering the soft benefits - flexibility, training opportunities, more holiday days - that are most valued by workers?
- How can we demonstrate our commitment to workplace wellbeing? Can we improve natural light in our facilities, offer family-friendly working hours, establish workplace communities, provide mental health support?
- What's our recruitment experience like? How can we engage more effectively with candidates? Could HR technology help us improve our recruitment processes?
- Are we rewarding loyalty? Could we keep more high-performing temps by offering them their pick of permanent roles?

^ How can we adapt our operations to suit employees' needs?

- Do our shift patterns, hours or driving routes suit our workers? Do we know what impacts their ability to accept shifts?
- How can we make variable shift patterns work for our business AND our workers? Is there technology to enable this?
- Are there ways we can provide more certainty and stability of income to temporary workers to make it viable for them to stay in their roles?

^ How can we tap into a broader pool of talent?

- Many people from diverse ethnicities are final mile and food delivery drivers, but seem reluctant to transition to LGVs. How do we change this narrative?
- Are we excluding certain groups unconsciously? Can we make our recruitment processes more inclusive?
- Could upskilling programmes encourage people from under-represented groups to become LGV drivers?
- What would make our roles more family-friendly?
- Do our shift patterns accommodate the religious or cultural practices of our communities?
- Do we understand our workforce well enough? What do they need from us to help them come to work more often?



Making the shift to insight and data-led recruitment

There is no one-size-fits-all solution to this challenge. All employer situations are different, and must take into account several factors:

- ▲ Operational requirements
- ▲ Demographics of your workers
- ▲ Cost/benefit analysis of different recruitment strategies, e.g. accepting some fallow time for permanent roles vs. paying more to recruit during peak demand
- ▲ Insight into worker preferences
 - Focus groups and independent research
 - Salary benchmarking over time to forecast pay rates over the long term
 - Geographic considerations of facilities

Key takeaway

Successful long-term solutions require a holistic approach to the problem, a strong understanding of the sector and the challenges, as well as expert understanding of the levers you have to pull to influence change.

Companies that are brave enough to take a different approach will be the ones who win the long-term competition for talent.

Speak to us about how we can bring new thinking, new tools and new insight to bear in solving your recruitment challenges.



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