World Bank Study: Global Shortage of Logistics Skills

Qualified logistics specialists are in short supply worldwide. This is the conclusion of an investigation by Professor Alan McKinnon, Professor Kai Hoberg and Dr Christoph Flöthmann from Kühne Logistics University (KLU) in Hamburg, commissioned by the World Bank. While there are too few well-trained executives in the logistics sector, there is also a lack of qualified staff at the operational level. In the opinion of the KLU researchers, this skills shortage is likely to worsen in the absence of new initiatives.

"Globally logistics has been enjoying growth rates of around 5% per annum but not attracting the number of skilled people that it requires to sustain this growth and meet ever more complex supply chain challenges" explains McKinnon. The three researchers consulted around 300 experts from companies, governments, educational institutions and professional associations around the world to assess the nature and scale of the logistics skill shortage. This confirmed that companies are having trouble finding enough new logistics employees with the right skills. The problem is not confined to recruitment. Many existing employees are not sufficiently qualified. This deficiency is having negative consequences. "The logistics sector plays a critical role in the functioning of an economy," explains Hoberg. "If it lacks people with the necessary skills, the wider economy will suffer."

In their study they find that the demand for skilled labor in logistics differs from region to region. "In emerging regions, executives are particularly lacking, who are able to oversee complex processes and to manage them efficiently," says Flöthmann. In many developed countries, there is also a lack of well-trained specialists in the operational sector. In Germany, the UK and the US, for example, there is an acute shortage of truck drivers.

Poor reputation and lack of education

McKinnon, Hoberg and Flöthmann see several reasons for the global shortage of qualified specialists. "Logistics struggles to compete with other business
activities for high calibre well trained staff” says McKinnon. “This is partly because in many countries wages are low, working conditions difficult and the industry's reputation poor.” Also, the skill-set of staff already in post has not been keeping pace with technical advances in logistics. In the operational area, regular vocational training is often lacking, especially in the emerging markets. The employees typically receive only short on-the-job briefings. "This is not enough, of course, to meet the ever-increasing demands," says Flöthmann. At higher levels senior managers often lack a specialist education in logistics and supply chain management. According to Hoberg, "Many executives have risen due to their professional experience, but lack the ability to provide leadership in logistics at a strategic level".

**Recommendations**

McKinnon, Hoberg and Flöthmann propose various measures to address the global shortage in logistics skills. There needs to be a substantial increase in the amount of time and resource devoted to logistics training at all levels. The nature of this training can also be modified to make it more appealing and effective. The researchers support the use of practical learning experiences. "Business games and simulations offer employees the possibility to make decisions themselves and observe their effects," explains Hoberg. "They can be used not only to train employees, but also to inspire school pupils to work in the logistics industry." Hoberg and Flöthmann have developed such a strategy game that makes supply chain management come alive in the classroom.

The Report also recommends the transfer of knowledge and best practice from developed to developing countries. Flöthmann, for example, believes that “In upskilling their logistics workforces other countries could benefit from adopting a ‘dual training’ apprenticeship scheme similar to that operating in Germany”. Professional associations, such as BVL in Germany and CILT in the UK, have a key role to play in improving the attractiveness of the logistics profession to potential recruits, increasing training capacity and certifying logistics skills.

Governments can also exert significant influence, particularly in developing countries, by facilitating multi-stakeholder initiatives, providing advice and funding and using their education and procurement policies to promote logistics training. The package of initiatives needs to be tailored to both the
level of economic development and the relative maturity of the country’s logistics market.

**A Tool Kit for Governments**

In a follow-up project, the KLU has developed a tool kit that governments can use to assess the availability of logistics skills in a country and the state of its logistics education and training. It also provides tailored advice to countries on what they can do to deal with logistics skills shortages. A common theme in this advice is that it will require multi-stakeholder initiatives to address logistics skill deficiencies. As McKinnon explains, "It will need co-ordinated efforts by companies, professional associations, educational institutions and governments to supply this vital sector with the people it needs to meet the economic, environmental and humanitarian challenges of the 21st century.

The report [Logistics competences, skills, and training: A Global Overview](#) can be downloaded from the World Bank website. The project was managed by Christina Busch of the World Bank and done with the support of the UK Chartered Institute of Logistics and Transport.

**About KLU**

Kühne Logistics University – Wissenschaftliche Hochschule für Logistik und Unternehmensführung (KLU) is a private university located in Hamburg's HafenCity. The independent, state-certified university focuses on the areas of logistics and management. With one BSc and four MSc degree programs, a PhD program, and a part-time Executive MBA, KLU offers its 275 full-time students a high level of specialization and excellent learning conditions. In open, customized management seminar series, industry specialists and managers benefit from the application of academic findings to practical issues.

KLU has an international team of 23 professors who teach in English. The programs are oriented toward students from Germany and abroad. Research at KLU is concentrated on the Key Competence Areas of Digital Transformation, Creating Value, and Sustainability for the benefit of transportation, global logistics, and supply chain management.

The most recent Handelsblatt rankings identify KLU as one of the leading research universities in Germany, Austria, and Switzerland based on research output per professor. In the newest CHE university rankings, KLU obtained the highest ranking in all major criteria.

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