



## **Skills Policy in European Logistics – challenges and opportunities**

*Views from a sector stakeholders' perspective*

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## Preliminary Note

This focus paper is based on the results of a number of European projects in the logistics sector<sup>1</sup> as well as on the in-depth discussions between organisations, enterprises, social partners and scientists from various member states. Through this paper, enterprises, social partners and scientists want to make a contribution to the current European debate surrounding growth and employment and the future of Europe's economy according to the Lisbon goals. The signatories hold the view that the logistics sector plays an crucial role in the transition to a knowledge-based economy whilst being closely interlinked with other key sectors such as the information and communication technologies. An economic policy geared towards growth and employment depends on a strategic and sustainable skills policy. This also applies to the logistics sector – generally as well as specifically. This focus paper aims at offering concrete suggestions as to what form such a skills policy could tak.

### 1. Logistics as a sector of growth and key technology for Europe

The European logistics sector has continuously grown like few others over the last decades. There are no exact figures at hand but we estimate that in Europe, there are at least 10m workers employed in logistics. Employees are found in

- management positions, particularly in the management of processes
- functions along the supply chain
- administrative functions
- manufacturing logistics
- storage and merchandise management
- procurement functions (e.g. dispatchers)
- transport occupations (especially lorry drivers)

This growth is linked to a high level of concentration and does not stop at national borders. Moreover, the characteristics of this sector have changed intensively over the past years: Today's logistics is not merely an agglomerate of storage

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<sup>1</sup> See Leonardo project Novalog (<http://www.novalog-project.org>) , Leonardo project Prolog

and in-time delivery; it is a substantial part of the value chain that – due to globalised competition

and the holistic application of information and communication technologies – requires a much higher level of integration of all its elements than used to be the case in recent years.

Thus, logistics as a sector does not only exhibit junctions to almost all other industrial sectors, but, as a method, emancipates itself from the attachment to a specific sector: As a sector-neutral instrument for increased efficiency of work and business processes, logistics is on a comparable level to information and communication technologies, whose importance as a new cultural technique has not been obtained yet but with which it can create a link that makes its achievements indispensable in almost all economic sectors.

This situation has not settled into the public awareness yet; at the most, there is a realisation that the logistics sector exhibits larger movements of capital. The state of vocational education and training in this sector is in accordance with this state of mind: vocational education is mostly restricted to occupations such as “Forklift driver” or “Storage specialist”. At the level of high professionals, there are only few logistics-specific study programmes. An integration of technology (mechanical engineering), business administration or IT sciences aiming at a holistic approach to logistics has barely been achieved by universities. A major part of employees in logistics come from the traditional vocational education in this field or are career switchers from other sectors – and have an urgent need to acquire modern logistical competencies. The promotion of the following is vital:

- Logistics system competencies
- soft skills
- intercultural competencies

in various job roles / functions in logistical enterprises / areas.

Appropriate and applicable concepts and standards of qualification including

systems for certification and career models for the different levels of the employment system have not been sufficiently clarified yet – neither on national nor European level.

Hence, the current VET standard in logistics is not adequate. Despite the initiative taken by the EC to increase transport security through qualification evidence of drivers, this has not aimed at the core area of logistical skills. The problem gets worse if the demographic factor is considered in the analysis. According to this, there is a lack of skilled workers to be anticipated in logistics just as in many other sectors.

Vocational education outside logistics still fails to take into account the importance of logistical skills in many other vocational fields.

## 2. A European initiative for skilled labour in logistics

The defects described previously cannot be mended en passant or within the framework of national education systems. We suggest the development of a European initiative for skilled labour in the logistics sector which accounts for the globalisation of logistics just as for the necessity to tie qualification to national structures. This initiative – under the auspices of the European Union – should aim at the continuous cooperation of all stakeholders of the development of the logistics sector.

A platform for the political dialogue as well as a forum for the coordination of a long-term process could be attained through the creation of a **European Logistics Skills Forum**. This enterprise should be supported through a declaration of the European Council of Ministers which highlights the special role of logistics as a sector as well as its sector-spanning importance as an instrument for the optimisation of economic processes.<sup>2</sup>

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<sup>2</sup> A parallel to the *European e-Skills Forum* is intended as its establishment based on a declaration of the Council of Ministers constitutes a comparable precedent. The fact that the importance of information and communication technology spreads beyond the actual sector policy – as highlighted in the declaration – applies to ICT as well as logistics. The Commission and Council of Minister recognise the necessity to promote e-skills as key competencies and to develop broad programmes in order to achieve this goal. This also played a role in the establishment of the forum. The process that was initiated in this context led to a

The planned initiative will meet a number of challenges stemming from the general situation of logistics but also from the specific educational situations all throughout the EU member states:

- The situation pertaining to qualification in the different member states varies: In some countries, there is an entire system of occupational profiles and qualifications in logistics, in some countries this system has not been adapted to the current situation, in others, it does not exist.
- New qualification needs resulting from new job requirements often occur in areas where European law is applicable (e.g. security issues). The directives resulting from this have to be implemented in national law which leads to the implementation of corresponding training courses. However, where this is the case, these are geared towards traditions of the respective education system which differ from country to country (and should not be harmonised according to European law). Consequently, the quality of competencies acquired in such courses can vary throughout Europe.
- In order to persist in the aggravated globalised competition, more and more large companies practice outsourcing activities. This leads to a situation where more and more SMEs find themselves tied into a company-spanning value chain without having had the opportunity to qualify their staff in an adequate and long-term personnel development. This applies particularly to employees with little prior education who are not prepared for the requirements of work processes beyond their workplace.
- The transition to more flexible business processes through outsourcing of entire business divisions often goes hand-in-hand with a more flexible assignment of staff, who are not bound to workplaces through long-term or permanent contracts. The services of temporary employment agencies play an increasingly important role in logistics. The short-term nature of employment leads to little interest in long-term personnel development which is vital to enable the employee to adapt to changing work processes.

- The integration of logistics as a method in many vocational education courses has not been realised yet because traditional structures of VET often contradict the requirements of modern logistics: the development of new occupational profiles and vocational education or university programmes works in close connection with stakeholders who are oriented towards sectors and levels of education (universities!) and hence have a varied opinion of the importance of “logistification” of their areas regarding necessity, character and extent. However, a coordination of upcoming changes is necessary in order to ensure compatibility of VET with regard to logistics as only thus utilisation of logistical competencies in various occupational fields can be achieved in the framework of lifelong learning.
- Continuing vocational education plays a particularly important role in this respect. According to experience, it is the fastest road to success when it comes to the acquisition of new qualification requirements. Especially the application of workplace-oriented and workplace-integrated form of continuing training (as opposed to reforming initial vocational education) has the potential to reach more recipients in a short term. The major part of employees in logistics would not be reached by a reform of initial vocational education. Thus, the focus of the initiative should be placed on continuing training.
- Hence, logistics qualification should part from traditional, school-centred models of learning. We pledge for a work process-oriented learning, particularly where it is about competencies pertaining to systems and processes. Apart from the general understanding of coherences that go beyond the workplace, competencies and skills that are necessary for an adequate handling of concrete, often not immediately foreseeable but yet commonplace requirements of the work process, have to be promoted. For the application of learning systems at the workplace, this implies that the multidimensionality of this kind of work must be made visible which excludes a purely theoretical depiction of contexts.
- The image of logistics in public does not correspond to real facts. The idea of logistics being purely about processes of storage and transport is still



present. The development of logistics towards an omnipresent element of any maximisation of efficiency is not perceived by the broad public yet.

### 3. The tool for dealing with the challenges: The development of a long-term strategy by means of a *European Logistics Skills Forum*

The above-mentioned challenges can only be met in the form of a long-term strategy for which an institutional framework can be created through the *European Logistics Skills Forum*. The cooperation of stakeholders in such a forum can increase the efficiency and sustainability of solution concepts considerably. This forum should aim at four lines of action:

#### 1. Development of multi-stakeholder partnerships

The cooperation between organisations which are affected by the development of logistics and along with it the re-defining of qualification requirements (Organisations of enterprises and trade unions, education providers on all levels, responsible governmental institutions). The *European Logistics Skills Forum* should achieve an optimum of collaboration through the utilisation of existing approaches of cooperation in the framework of the determination of occupational profiles, VET regulations, etc. Actors in those areas should provide their expertise in order to work on the following issues:

- Monitoring supply and demand

Globalisation of competition requires a continuous observation of developments and a timely description of the consequences on VET in logistics. In order to ensure this, initiatives aiming at an increased effectiveness of existing data collections in terms of their being up-to-date and adequate.

- Anticipation of change

Existing data describing cyclical developments as well as observation of innovation processes allow for an ability to estimate future developments. This should be described in form of a scenario in order

to facilitate drawing consequences for the configuration of future VET contents and forms.

- Adaptation of initial vocational education to the requirements of changing work processes.

The proposals to be developed should include the results of the above-stated lines of action.

## 2. Promoting investment in people

This does not only refer to the initiation of initiatives aiming at the necessary increase of investment for the recruitment of employees that are qualified in a logistically-oriented way. Large enterprises often recognise this necessity and create employment that is in accordance with the requirements of modern logistics. The difficulty lies in the recruitment of employees who – at the time of entering employment – already have a high level of qualification which is in accordance with the requirements.

Personnel development can change this. The opportunities of SMEs to invest in such measures are often limited so that they cannot compete with some of the larger enterprises which have recognised the need for investing in qualified staff. This pattern does not always apply. More often than not, it is not merely a problem of investment opportunities but also about the recognition of personnel development as a crucial competitive factor. Hence, some SMEs manage to apply sound personnel development strategies and some larger companies do not.

Models that can compensate this situation through financial support which could take the form of contributions to salaries as well as contributions to costs of personnel development.

## 3. Raising the attractiveness of logistics professions

A public depiction of logistics should highlight the sector's role of a key service sector that finds application in all other sectors, particularly at the interfaces of different sectors. This will promote the notion of *logistics skills* as competencies that can lead to high-level functions in all areas of the economy.

#### 4. Promotion of lifelong learning in logistics

The above-described application of logistics in all areas of the economy enables the development of competencies that prove to be of value in multiple situations. It is to be expected that those competencies will grow over the next years because they have to consider the specific character of subjects with which they interact and will hereby be refined.

A recognition of such competencies – developed and acquired in the framework of lifelong learning – must be realised. Models should be created that enable the measuring of these competencies, related to the new standard offered by the EQF.

#### 4. Accompanying measures for the support and promotion of the forum

The EC should develop the following instruments for the support of the activities described previously:

##### 1. Development of a Logistics Qualification Framework

This qualification framework should depict the logistics competencies required by the economy in a way that enables their specification as categories of the EQF. This activity should be linked to a European Portal for logistics competencies and jobs.

##### 2. Development of a Logistics User Framework

As described above, the development of logistics as a method now penetrates all areas of the economy. That means that the need for application of this method evolves everywhere. The *Logistics User Framework* should enable everyone who is confronted with the necessity of the development of logistics competencies, to assess their already existing competencies and highlight paths for development.

The evaluation of the utilisation of the *Logistics User Framework* can give valuable information for the implementation of activities described in point 3. A link to the Logistics Competence Framework and the European Portal for logistics competencies and jobs would be useful.

### 3. Creation of a synthesis report

The depiction of activities of the *European Logistics Skills Forums* in the framework of a synthesis report should include descriptions of *best practice* in order to utilise the existing experience in an optimum manner.

### 4. Development of programmes for the promotion of VET in logistics

Specific programmes for the promotion of the development of the logistics sector, its labour force as well as its technologies and systems – similar to those in the IT industry - should be initiated. Priority should be given to the aim of conveying minimum standards to all employees in the European logistics sector in terms of safety, logistics system competence and labour market requirements.

## 5. First steps towards the European Logistics Skills Forum

What actions must be taken in order to put the initiative for the development of a European Logistics Skills Forum forward?

1. Initially, there is the need to create an *overview of the situation* in the individual member states. This overview should take into account the following points:

- Status of the economic development with regard to logistics (development of the actual logistics sector, international interdependence, importance of logistics as a metasectoral instrument),
- Status of adaptation of VET to the requirements of the sector (existing occupational profiles, qualifications, certificates, upcoming reforms, educational and political actors)

This overview should serve the purpose of promoting the process rather than be a scientifically exhaustive.

2. In the framework of this research, the most important stakeholders should be identified. These should be invited to support a draft *European Logistics Skills Declaration* and ultimately join the *European Logistics Skills Forum*.

3. The *European Logistics Skills Declaration* should be the short version of an analysis of the existing situation and the aims which the stakeholders want to

pursue through the *European Logistics Skills Forum*. After the discussion and modification of the draft through all stakeholders, it will be forwarded to *DG Enterprise* in order to gain its support for the following processes.

4. A feasibility analysis should then be conducted which, based on the analysis of the existing situation, makes recommendations on how to achieve the aim of *optimum adaptation of learning processes to the requirements of logistics*.

5. Based on this, the final version of the *European Logistics Skills Declaration* will be compiled and presented at a *European Logistics Skills Summit* together with the results of the feasibility analysis. This summit will also serve as the kick-off conference of the *European Logistics Skills Forum*.