



EXECUTIVE REPORT

SKILLS FORECAST FOR VIETNAM'S LOGISTICS INDUSTRY IN 2021-2023



OVERVIEW

Labour demand forecasting is an essential task in socio-economic strategy development as well as in the strategy development of particular economic sectors.

However, skills demand forecasting in Vietnam remains a challenge due to limited resources, approach and cohesive coordination among stakeholders, especially the absence of employers - the demand side in the labour market. A focus on forecasting is timely. While the logistics skills forecast was being conducted, the Government identified human resources development as one of the five key tasks for Vietnam's future socio-economic development. In addition, logistics services quality improvement and infrastructure development are now considered important drivers for economic competitiveness.

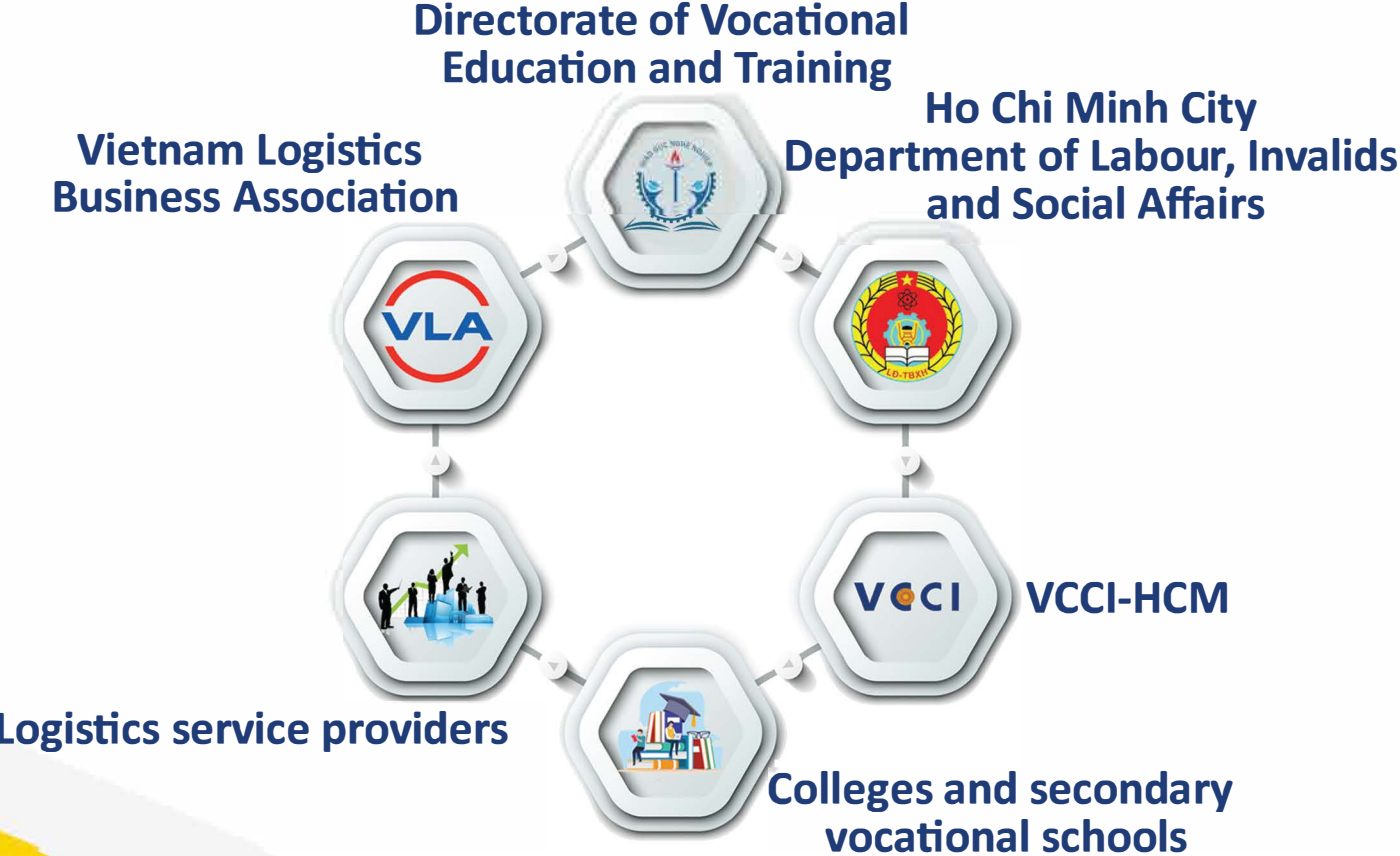
The research group was led by Associate Professor, Dr. Thai Van Vinh, RMIT Melbourne.

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One of Aus4Skills' highlights is the establishment of the Logistics Industry Reference Council [LIRC] whose founding members embrace the core functions of the Australian Industry Reference Council (IRC) model.





The Council, as one of its short-term objectives, is specifically focusing on promoting strong and substantive cooperation between training institutions and industry, and formulating occupational standards, occupational skills standards, and specialised reports related to manpower development, including the logistics skills forecast.



This is the first industry-driven skills forecast with direct participation from logistics service providers. Special thanks to:

- LIRC members
- Australian Industry Standards Global (AIS)



Objectives:

The logistics skills forecast is expected to provide practical and systemic information on occupational skills for the Logistics industry (2021-2023).

This aligns with a key task of the industry-led LIRC - to provide practical and effective advice regarding human resources training in light of the Industry 4.0 and the COVID-19 pandemic and in response to the changes in the labour market in the coming years.





METHODOLOGY

The forecast strictly followed established research methodology in 3 main phases as follows.



▶ Phase 1:

Desktop study: to collect and analyse secondary data for preliminary analysis and overview of the logistics industry in Vietnam, labour supply and demand and development trends.

▶ Phase 2:

Engage 15 stakeholder organisations, with representatives at each group discussion holding executive and human resource management positions from: Logistics service providers; Manufacturing and export enterprises; Vietnam Logistics Business Association, and the Industry Associations



**On 22 January 2021 in Ho Chi Minh City,
27 January 2021 in Hanoi, and
26 March 2021 in Can Tho**

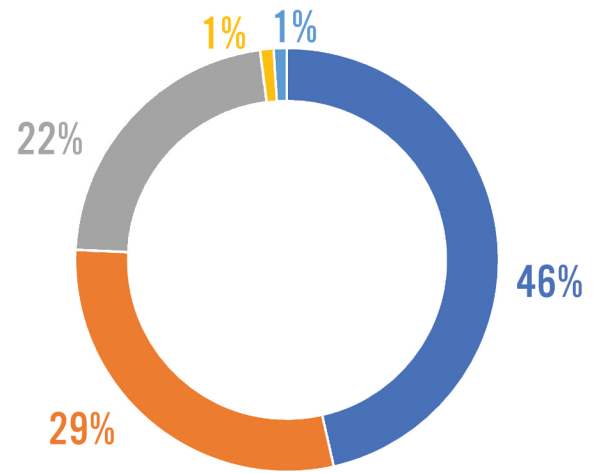


▶ Phase 3:

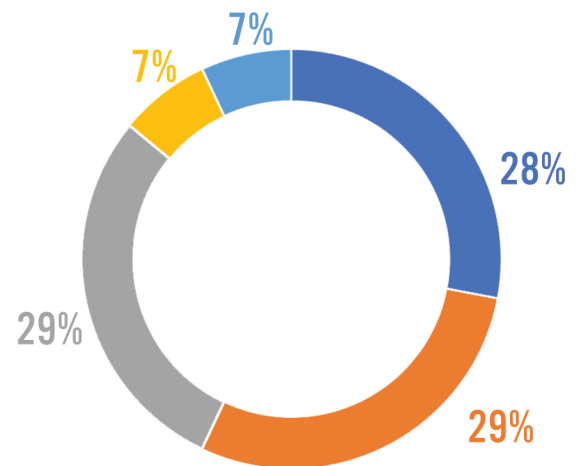
Questionnaire survey based on qualitative results and analysis of data obtained from logistics service providers and manufacturing enterprises in various sub-sectors. Finally, the research team makes suggestions and recommendations based on the research findings.

KEY FINDINGS

GENERAL INFORMATION ON SURVEY COHORT



Logistics service providers

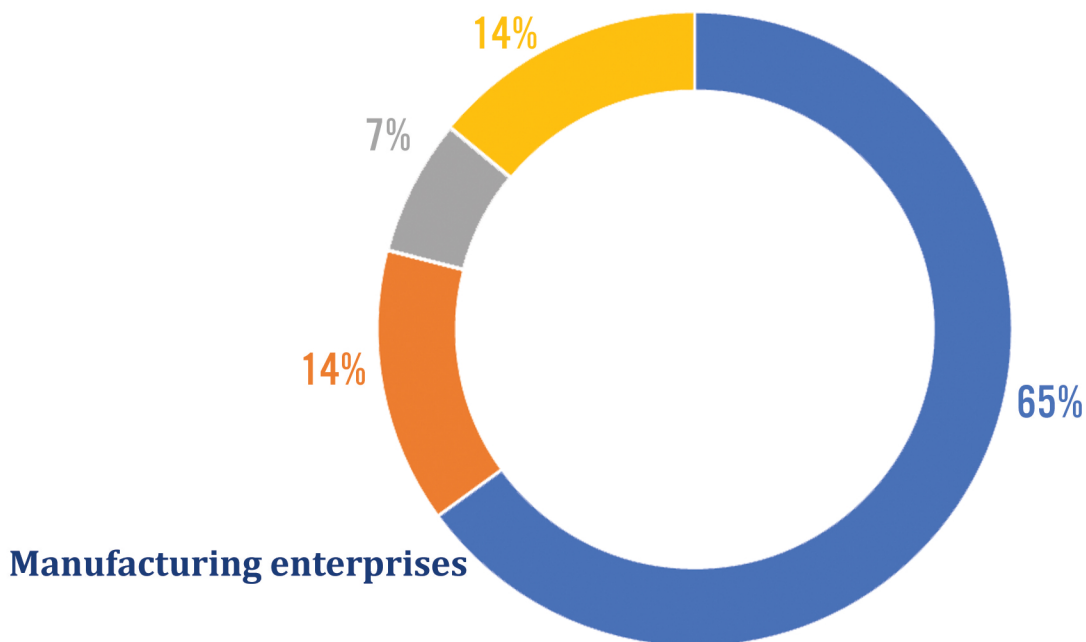


Manufacturing enterprises

- Limited Liability Company
- Joint Stock Company
- State Owned Company
- Foreign Company
- Joint Venture Company



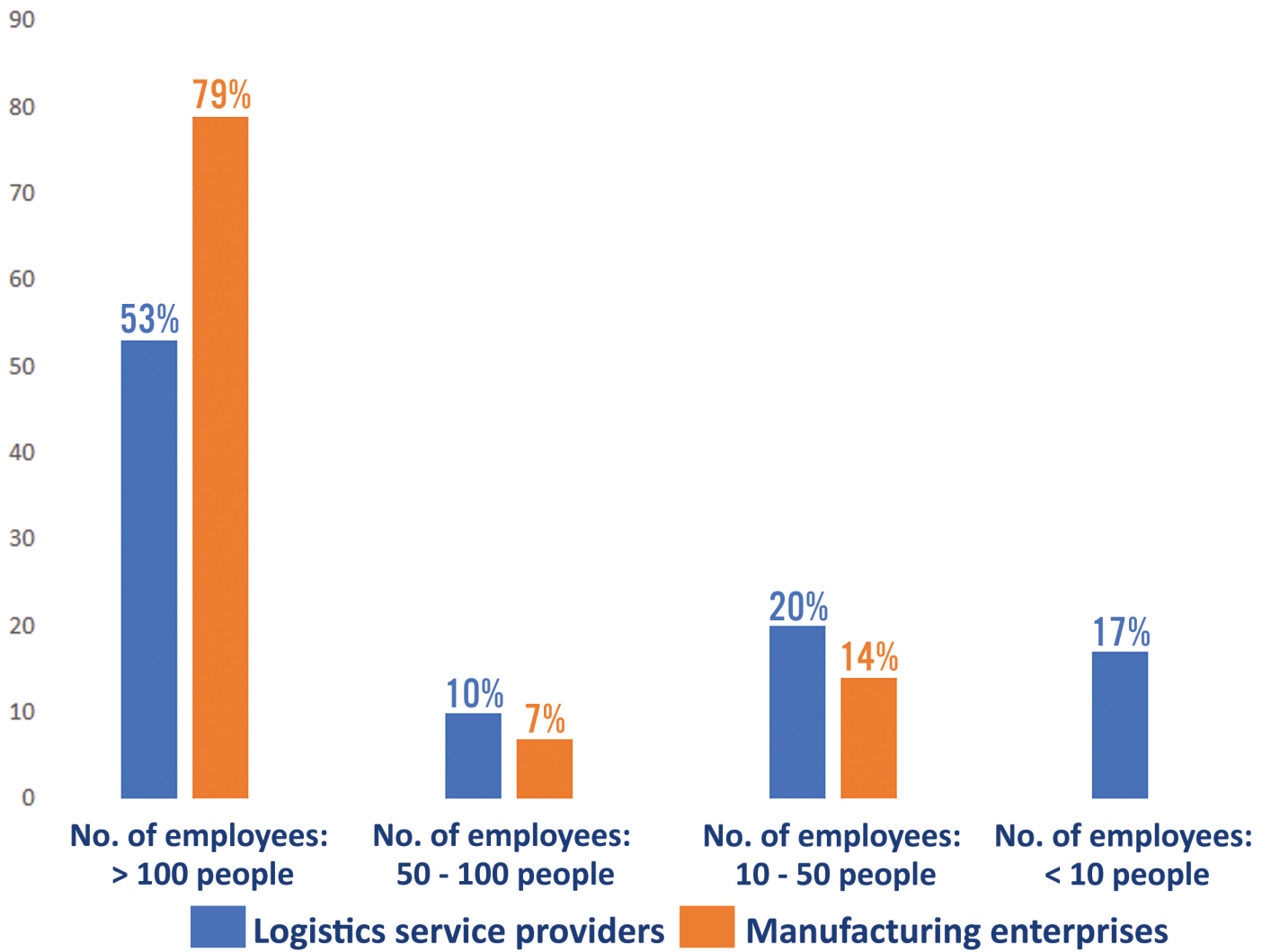
- Freight Forwarder/Logistics Company
- Shipping Line
- Road Transport Company
- Express Courier Company and Inland Container Depot (ICD)/Warehouse
- General Service Provider
- Rail Freight Company
- Inland Waterway and Seaport Company
- Other types of business

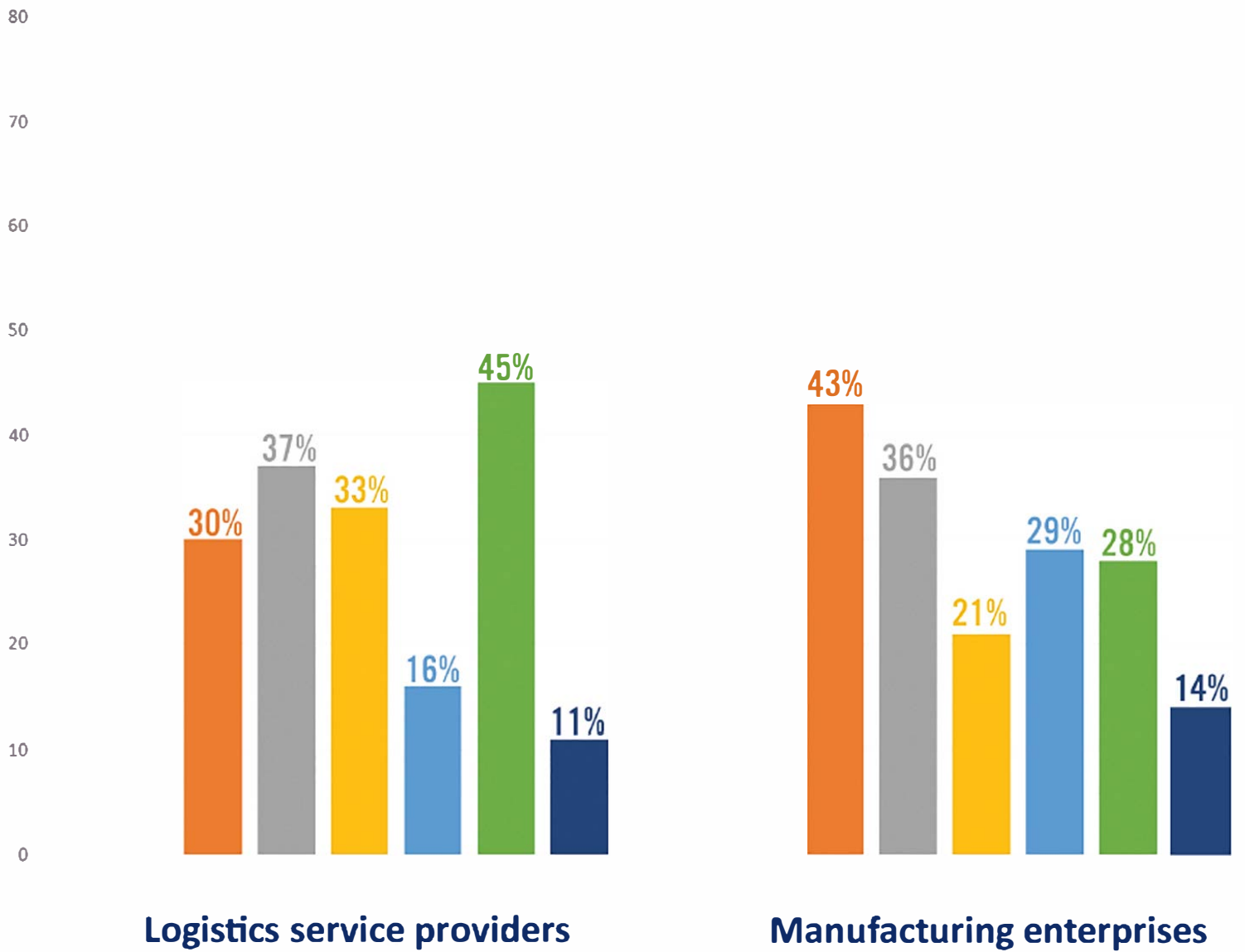


- Exporter
- Domestic Distributor
- Contract Manufacturer for Oversea Clients
- General Manufacturing enterprises and Others

KEY FINDINGS

GENERAL INFORMATION ON SURVEY COHORT





- Senior manager
- Manager
- Staff
- Seniority: 6 -10 years
- Seniority: 1 -5 years
- Seniority: < 1 year

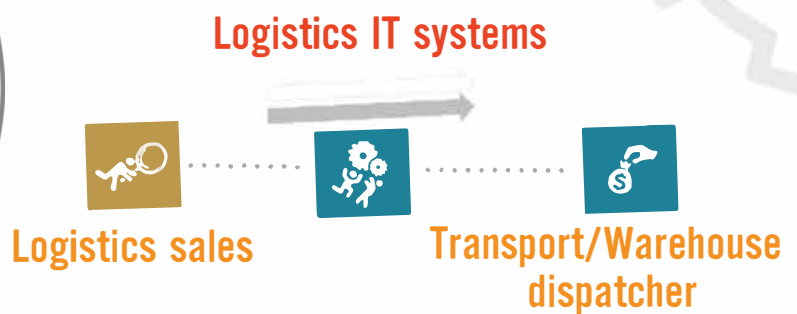


LOGISTICS POSITIONS IN SHORTAGE AND SOLUTIONS

Logistics service providers and Manufacturing enterprises in Vietnam are always in severe/acute shortage.



Top positions in great shortage include:



Other positions also in shortage due to recruitment challenges include:



As Industry 4.0 takes the world by storm, enterprises are increasing adopting advanced technologies in doing business, leading to the short supply of qualified information and communications technology (ICT) staff and demands to address the shortage quickly.

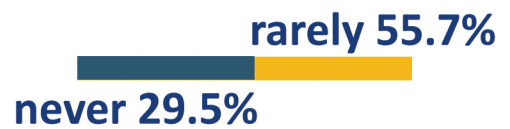
Positions in warehouse operation and quality control ranked second in recruitment challenges, followed by logistics administrators/coordinators, import and export documentation staff, logistics sales, delivery staff, loading and unloading staff, procurement staff, inventory and recall controllers, and experienced technicians.

There was a high level of consensus between Logistics service providers and Manufacturing enterprises on the reasons for recruitment difficulty, including: lack of experience, professional knowledge and skills.

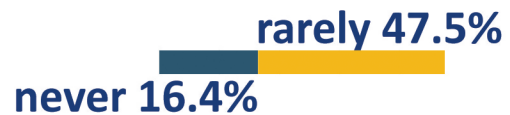
In addition, high time demands and job pressures also explain recruitment challenges for Logistics service providers including - foreign language proficiency, absence of professional certificates, hazardous working environment (such as working in cold storage, night shift, ...), long working hours, wages, long-term commitment or labour market competition; etc.

Solutions for logistics HR shortage - Logistics service providers:

Internal transfer and additional training done overseas:



Hiring temporary workers:

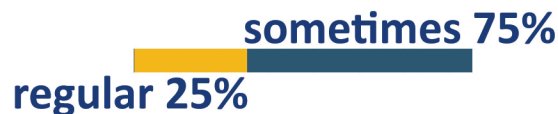


Outsourcing, overtime scheduling for skilled workers (OT), internal transfer and in-country additional training:

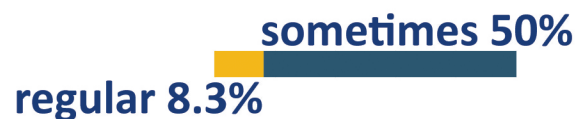


Solutions for logistics HR shortage - Manufacturing enterprises:

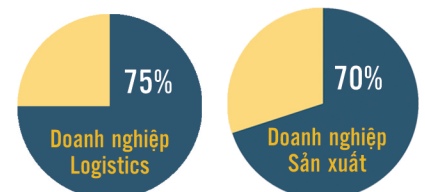
Internal transfer and additional training done domestically is rarely deployed:



Outsourcing for certain positions:



Seeking new sources of manpower implies opportunities as well as challenges for logistics training providers to supply labour of desired quantity and quality to better respond to market needs.







IMPORTANCE AND LEVEL OF LOGISTICS KNOWLEDGE AND SKILLS

5 most important knowledge and skills for the success of logistics manpower

Logistics service providers	Manufacturing enterprises
Foreign languages	Foreign languages
Information technology	Information technology
Planning of means of transport and equipment	Planning of means of transport and equipment
Understanding and application of logistics terms	Procurement management
Transportation management	Order management

3 knowledge and skills possessed by logistics manpower:

At medium high level:

- Understanding and application of  logistics terms
- Understanding and application of  logistics terms
- Transportation management  Order management
- Procurement management  Planning of means of transport and equipment

At medium low level:

- Procurement management  Operation of transport and equipment
- Warehouse management  Foreign languages
- Packaging and package processing  Using logistics software

The survey shows that, in general, Logistics service providers and Manufacturing enterprises had a medium level of logistics knowledge and skills, approaching a higher level.

However, for several logistics knowledge and skills identified as important and fairly important, the current level was only at medium low. These include: operation of transport and equipment, foreign languages, using logistics software, procurement management, and warehouse management.



Top 5 serious gaps between the perceived importance and current level of knowledge and skills in Logistics service providers and Manufacturing enterprises were in:

Foreign languages Information technology



**- Reverse logistics
(collection and treatment of returns...)**

- Using logistics software

- Warehouse management

- Order management

- Planning of means of transport and equipment

- Operation of means of transport and equipment



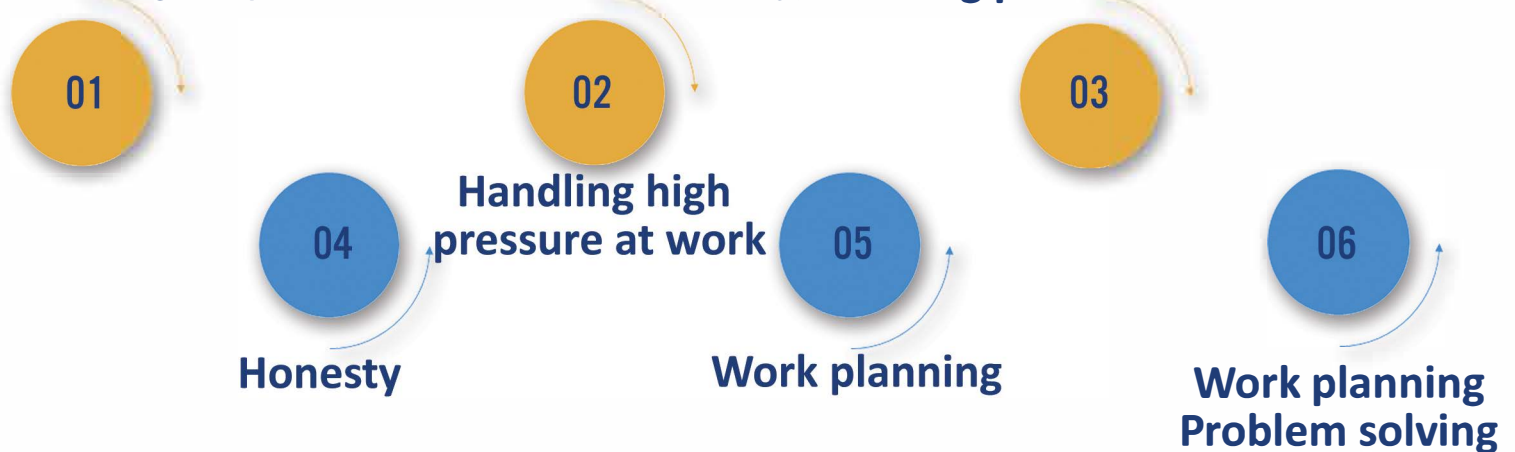
THE IMPORTANCE AND LEVEL OF OTHER ESSENTIAL ATTITUDES AND CAPABILITIES

The results show 6 attitudes and capabilities which were given high importance by both Logistics service providers and Manufacturing enterprises for the success of logistics manpower:



Compliance with regulations, policies
(including corporate information security)

Being proactive at work





3 attitudes and capabilities that logistics manpower in Logistics service providers possess:

At high level:

Compliance with regulations, policies (including corporate information security)

Honesty

Handling high pressure at work

At low level:

Emotional intelligence, observing, thinking, analysing, and decision-making

Creativity

Work planning

Meanwhile, in general, the level of essential attitudes and capabilities in Manufacturing enterprises was lower than in Logistics service providers.

At medium high level:

Compliance with regulations, policies (including corporate information security)

Honesty

Handling high pressure at work

At low and medium low level:

Emotional intelligence

Creativity

Patience and perseverance, negotiation skills

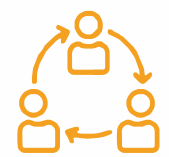


The results also show the top 5 serious gaps between the perceived importance and current level of essential attitudes and capabilities in Logistics service:

Logistics service providers

Manufacturing enterprises





The research team raised the following key points after comparing the perceived importance and current level of appropriate logistics knowledge, skills, and other essential attitudes and capabilities:



Knowledge, skills, attitudes and capabilities that have high perceived importance and medium high level of ownership should be maintained.








Those with a fairly high perceived importance and medium low level of ownership should be built up, while those with fairly high perceived importance and medium high level of ownership should be redistributed among existing resources with accompanying training.



Finally, those with high perceived importance and low/medium level of ownership should be improved

NOTABLE SOCIAL, BUSINESS AND TECHNOLOGY DEVELOPMENT TRENDS INFLUENCING THE DEMAND FOR LOGISTICS MANPOWER

It is interesting that both participating Logistics service providers and Manufacturing enterprises indicated that the first four trends below will have the greatest impact on demand for logistics manpower up to 2023, while the fifth factor will significantly influence logistics human resources:

-  Sustainable Logistics/supply chains
-  E-transactions
-  Omnichannel logistics/distribution
-  Changes in future job profiles
-  Application of artificial intelligence (AI)

and a number of other technologies

(wireless connection, big data, and the Internet of things)

These social, business and technological development trends directly affect logistics human resources and generate demand for certain positions in the future



IMPACTS OF SOCIAL, BUSINESS AND TECHNOLOGICAL DEVELOPMENT TRENDS ON DEMAND FOR LOGISTICS MANPOWER



 According to Logistics service providers, by 2023:

The demand for the following positions will increase:

- Logistics IT systems
- Logistics sales
- Customer service

While the following positions will see a decrease in demand:

- Warehouse operator
- Inventory management
- Transport dispatcher

 While Manufacturing enterprises claimed that:

The demand for the following positions will increase:

- Logistics IT systems
- Packaging, labeling
- Quality Assurance

The following positions will see a decrease in demand:

- Warehouse operator
- Import-export documentation
- Custom brokerage

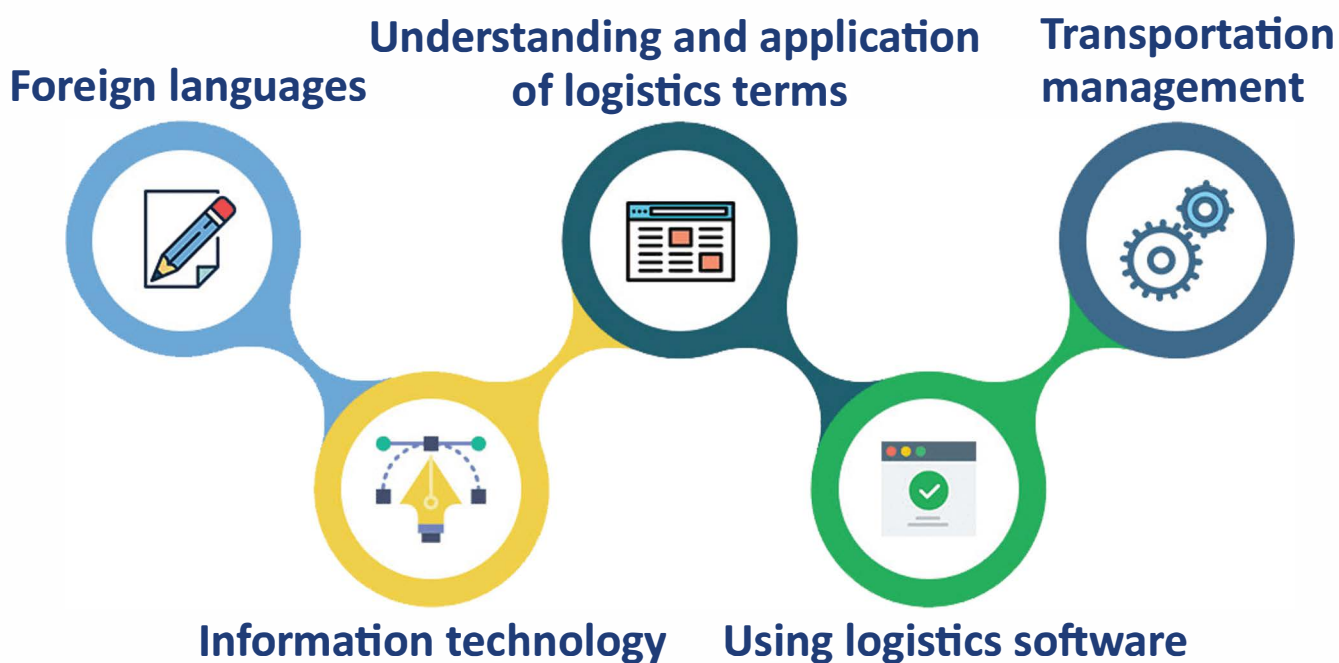


DEMAND FOR WORKFORCE WITH APPROPRIATE LOGISTICS KNOWLEDGE AND SKILLS





The survey results show that Logistics service providers marked high priority (close to extremely high priority) for the following **5 logistics knowledge and skills demands:**



Demand for workforce with logistics knowledge and skills in the next 3 years in Manufacturing enterprises shared the same pattern, with 3 out of the 5 knowledge and skills above marked with fairly high priority: **information technology, using logistics software and foreign language.**

Manufacturing enterprises also marked two additional knowledge and skills as high priority, i.e. **procurement management and order management.**

DEMAND FOR LOGISTICS MANPOWER WITH OTHER ESSENTIAL ATTITUDES AND CAPABILITIES

The survey results also showed that the **5 attitudes and capabilities** with high priority (close to extremely high) in the next 3 years for Logistics service providers and Manufacturing enterprises were similar.



Compliance with regulations, policies
(including corporate information security)



Honesty, being proactive at work



Handling high pressure at work



Problem solving and adapting



Adapting to and using new technology






This implies that Logistics service providers recognised the importance of a highly disciplined workforce who were “organisational citizens” with:



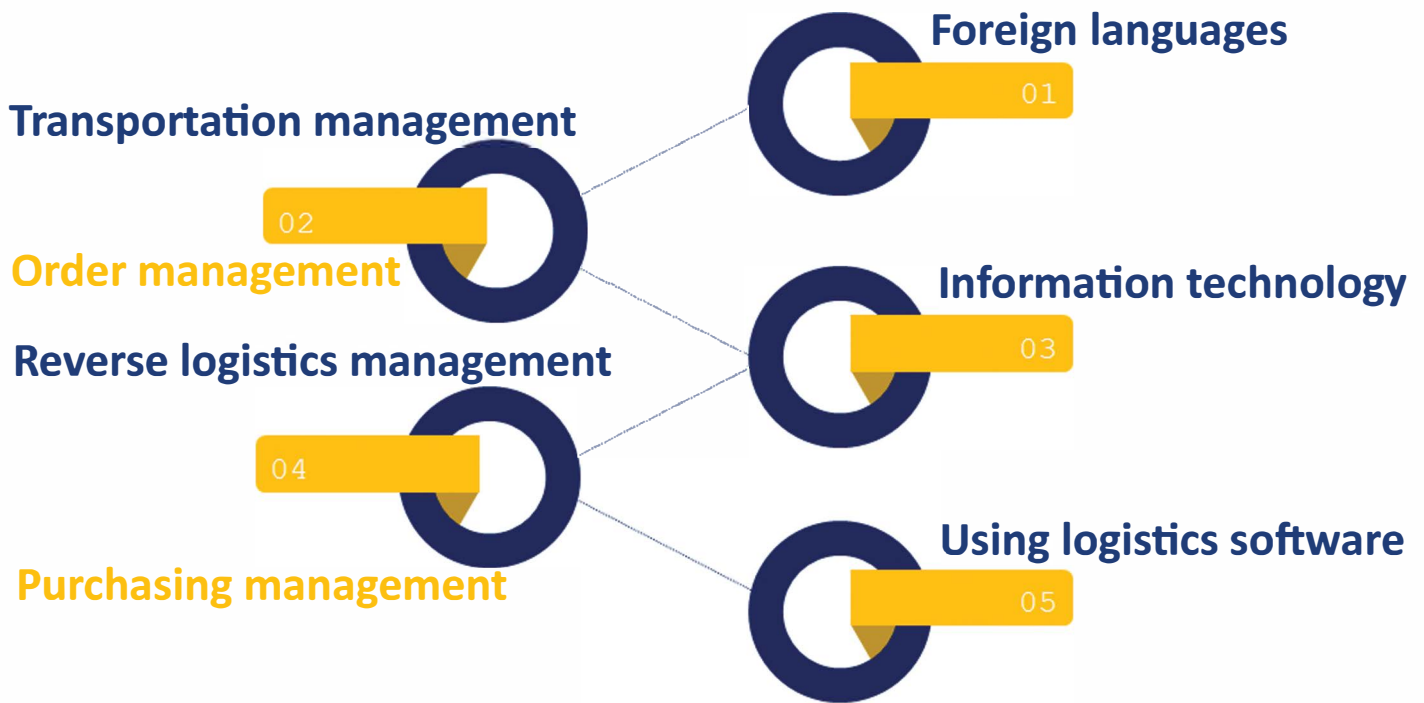
In addition, other attitudes and capabilities that were given high priority demand, include:

-  Work planning
-  Observing, thinking, analysing, and decision-making
-  Teamwork



**A COMPARISON BETWEEN CURRENT STATUS AND
FUTURE DEMAND FOR LOGISTICS WORKFORCE
WITH ESSENTIAL KNOWLEDGE AND SKILLS**

The survey results show that the top **5 serious gaps** between demand and level of logistics knowledge and skills in Logistics service providers and Manufacturing enterprises were:



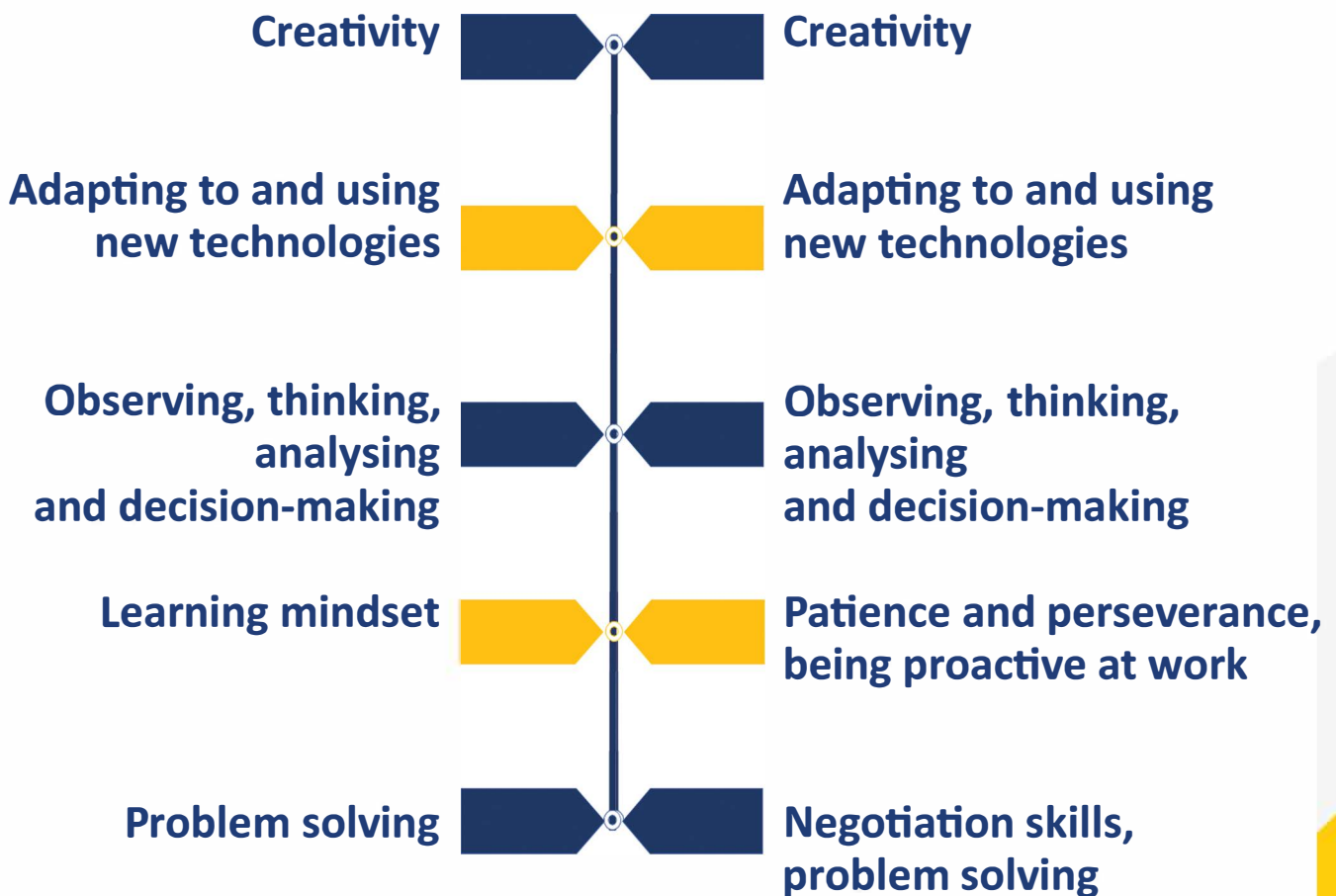
These results stress the importance of training in foreign languages, information technology, and the use of logistics software, and other logistics knowledge and skills for the logistics workforce.

A COMPARISON BETWEEN CURRENT STATUS AND FUTURE DEMAND FOR LOGISTICS WORKFORCE WITH ESSENTIAL ATTITUDES AND CAPABILITIES

The survey results show that in Logistics service providers and Manufacturing enterprises, the demand for workforce in all the essential attitudes and capabilities was greater than the current level of possession. The top 5 serious gaps were in:

Logistics service providers

Manufacturing enterprises



These results highlight the importance of training to develop/build knowledge and skills in observation, thinking, analysis and decision-making, creativity, and adapting to and using new technologies, as well as other essential attitudes and capabilities, for the logistics workforce to perform well in Vietnamese Logistics service providers and Manufacturing enterprises.

Comparing the perceived importance and current level of appropriate logistics knowledge, skills, and other essential attitudes and capabilities, the research team also points out that enterprises need to: (i) maintain knowledge, skills, attitudes and capabilities that have high demand and medium high level of ownership, (ii) build up those which have fairly high demand and medium low level possession, (iii) redistribute resources which have medium demand and medium high level of possession, and (iv) improve those with fairly high demand and medium current level of possession.



RECOMMENDATIONS

Recommendations to the Government of Vietnam and the Prime Minister



Develop and promulgate a development strategy for the Vietnam logistics industry in 2021-2030 with orientation to 2050 which recognises logistics human resources development and skills improvement as one of the significant solutions.



Develop and promulgate legislative decrees to encourage the participation of enterprises and relevant stakeholders in vocational education and higher education activities, including provisions on cooperation mechanisms between enterprises and vocational education and higher education institutions.



Recommendations to ministries and ministerial-level agencies



The Ministry of Labour, Invalids and Social Affairs, during the development and implementation of the 'Skilling up Vietnam Strategy', should consider the inclusion of logistics skill training and retraining to meet the requirements of the Industrial Revolution 4.0., and also promptly develop and promulgate a set of occupational standards and a national qualifications framework for logistics vocational training that matches ASEAN and international levels.



The Ministry of Labour, Invalids and Social Affairs should encourage training institutions to identify the industry sectors and occupations of high labour demand and short supply, such as: Logistics sales; logistics ICT staff; other job positions of high demand from businesses that are presented in this report.



The Ministry of Industry and Trade should consider and take a leading role in cooperation with the Ministry of Education and Training, and the Ministry of Labour, Invalids and Social Affairs; related Business Associations; the Vietnam Chamber of Commerce and Industry, etc. to design training programs, support the assessment of logistics skills and employment needs and include this information in the annual Vietnam Logistics Report to guide logistics training and recruitment in line with the national and local socio-economic development.



RECOMMENDATIONS

Recommendations to training institutions

Vocational training institutions:

Need to identify high demand job positions for the development of new training packages.

Actively engage with enterprises to enable student access to on site practical opportunities and work based learning.



Training institutions, when writing new or updating existing curriculum, should consider the competency profiles suggested in this report.



Recommendations to enterprises

- Refer to the competency profiles and industry development trends highlighted in this report to develop a workforce development strategy in alignment with the enterprise's overall development strategy.
- Actively cooperate with training institutions in workforce training by sharing recruitment needs, knowledge, skills and attitude requirements for specific job positions.

This will also inform regulators to adjust relevant training policies, targets and standards as well as enable training institutions to adjust their training programs to produce quality graduates that satisfy industry demand and development trends.

- The proactive and substantive participation of enterprises in training activities starting from the development of occupational standards, provision of work based learning opportunities, training program development and assessment will, in turn, help to solve their labour shortages in production and growth.





**All references and citations taken from this document
must state the source and credit of
the Industry Skills Forecast in Logistics
2021 - 2023**





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