Australian Government

Department of Education, Employment and Workplace Relations

# Survey of Employers' Recruitment Experiences

# Transport and Logistics Industry

May 2008

## Contact Details

This report was prepared by the Labour Supply and Skills Branch, Labour Market Strategies Group in the Department of Education, Employment and Workplace Relations (DEEWR).

The Labour Supply and Skills branch would like to thank the employers who participated in the survey.

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## Acknowledgement

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# 1. EXECUTIVE SUMMARY

This report presents findings on employers' recent recruitment experiences in the Transport and Logistics industry. The project forms part of the Department of Education, Employment and Workplace Relations' (DEEWR) broader research program examining employers' recruitment experiences across Australia. To ensure that results address current labour market issues affecting the industry, the questionnaire and survey methodology were developed in consultation with the Australian Logistics Council (ALC). Information upon which this report is based reflects feedback from 189 employers who responded to a telephone survey in May 2008.

It should be noted that since the Survey of Employers' Recruitment Experiences in the Transport and Logistics industry was conducted, the Australian economy has begun to feel the effects of the Global Recession (GR). As this is likely to impact on labour market conditions, employers' future recruitment expectations may have altered since completing the survey.

The main findings of the survey were:

- By comparison with other industries, the Transport and Logistics industry is dominated by male employees and a high proportion of its workforce is aged 45 years and over and approaching retirement;

- Three quarters of the employers surveyed in the Transport and Logistics industry undertook recruitment activity in the 12 months prior to May 2008, compared with 58.1 per cent of employers in all industries surveyed in the 14 months to May 2008.[1] A high proportion (86.5 per cent) of employers undertook recruitment in the 12 months prior to May 2008 to replace staff;

- Employers in the Transport and Logistics industry have been experiencing a high level of recruitment difficulty by comparison with other industries surveyed. In total, 74.5 per cent of employers surveyed reported difficulty recruiting compared with 64.9 per cent of employers in all industries surveyed. This difficulty translated into a higher proportion of unfilled vacancies with 13.2 per cent of all vacancies across the industry unfilled compared with 10.2 per cent for all employers surveyed. There were notable variations in this pattern between States. Although employers in Western Australian reported a high level of recruitment difficulty they recorded a relatively low rate of unfilled vacancies (8.7 per cent) by comparison with other States surveyed;

[1] All comparison figures are based on data gathered from interviews conducted with more than 12,900 employers in the 14 months to May 2008 as part of the DEEWR Survey of Employers' Recruitment Experiences program.

- Despite the level of recruitment difficulties evident across the industry, a high level of competition for vacancies was reported, with an average of 7.3 applicants per vacancy, compared with an average of 4.3 applicants per vacancy for all industries surveyed in the 14 months to May 2008. On average, only 2.2 of these applicants were considered suitable for the vacancy for which they applied. This was, however, higher than the average number of suitable applicants per vacancy reported across all industries surveyed (1.7 applicants per vacancy). Western Australia again stood out with the lowest average number of applicants (3.9 applicants per vacancy) and a low number of suitable applicants (1.6 applicants per vacancy);

- In spite of the high average number of applicants and suitable applicants, the principal cause of recruitment difficulties reported by employers was the tight labour market conditions and/or not enough applicants;

- Applicants were most commonly reported by employers as unsuitable due to insufficient experience (reported by 66.3 per cent of Transport and Logistics employers compared with 27.4 per cent of employers across all industries surveyed). A surprisingly high proportion (63.6 per cent) of employers recruiting lower skilled workers reported insufficient experience as a reason for applicant unsuitability compared with employers in all industries surveyed in the 14 months to May 2008 (24.2 per cent). It was also notable that 36.4 per cent of employers filling lower skilled occupations in the Transport and Logistics industry reported inadequate communication and team working skills as a reason for applicant unsuitability compared with 10.5 per cent of employers in all industries surveyed in the 14 months to May 2008;

- In total, 39.4 per cent of employers reported that the main reason staff left their business over the previous 12 months was to work in a different job in another industry. However, less than half (47.1 per cent) of businesses surveyed had retention strategies in place. Increased wages were used by 28.0 per cent of businesses as a retention strategy, while only 9.5 per cent of those with a retention strategy offered flexible working hours;

- In the 12 months prior to the survey, 62.4 per cent of businesses surveyed had staff within the organisation undertaking training or development programs. However, only 21.3 per cent of businesses had hired a trainee or apprentice in the last year. The main reason employers reported not hiring a trainee or apprentice was that they required experienced employees. Only 20.7 per cent of employers surveyed had strategies in place to attract particular groups of job seekers (such as younger people or women). Those employers who did seek to attract particular groups were concentrated in businesses with more than 100 employees. It was particularly notable that only 2.1 per cent of employers had strategies in place to attract university graduates;

- Future recruitment expectations were relatively high in the Transport and Logistics industry, with 59.8 per cent of employers in the industry anticipating they will need to recruit in the 12 months following the survey (compared with 48.2 per cent of all industries surveyed in the 14 months to May 2008); and

- Around two thirds (65.5 per cent) of employers in the industry who anticipate recruiting in the 12 months following the survey expect difficulty doing so compared with 58.9 per cent of all industries surveyed in the 14 months to May 2008.

The results of the survey indicate that recruitment difficulties are already common across the Transport and Logistics industry. The results highlight areas where ongoing effort may be required to address these difficulties and ensure the industry is able to attract and secure the supply of labour it needs to continue to grow. This report recommends:

- Strategies to attract non traditional sources of labour (in particular, women and younger workers) to the industry are adopted by employers. There is currently awareness that this need exists but it is only being implemented in limited cases;

- Employers implement graduate programs to attract skilled younger workers to the industry across a range of disciplines;

- Industry bodies help foster a common understanding amongst employers and job seekers of the experience needed in different positions by developing occupation profiles which highlight the experience and skills needed in different jobs. In some cases, employers' expectations of experience and skill levels may need to be adjusted to reflect the skills and experience possessed by the pool of available applicants, particularly in lower skilled occupations;

- Employers need to clearly communicate their expectations regarding skills and experience when advertising vacancies;

- Industry approved training courses should be developed to ensure new workers are provided with the basic skills needed to help them to quickly become productive; and

- Employers need to make increased use of retention strategies such as flexible working hours to reduce staff turnover and retain older workers who are nearing retirement.

# 2. BACKGROUND

## 2.1. Survey Aims

The survey aimed to identify the extent to which labour shortages are affecting the Transport and Logistics industry and the reasons why recruitment may be difficult. The outcomes will help to inform strategies aimed at reducing recruitment difficulties being experienced by the industry.

## 2.2. Survey Methodology

This survey forms part of a research program undertaken by DEEWR to examine recruitment difficulties across Australia. Over the 14 months to May 2008, approximately 13 400 employers have participated in surveys asking questions about their recruitment experiences. This has included questions about:

- their business, including size and employee diversity;
- recent recruitment experiences and strategies; and
- future recruitment expectations.

Responses to these questions provide a benchmark for comparison with results from the Transport and Logistics industry.

The development of the Transport and Logistics survey questionnaire was undertaken in consultation with representatives from the Australian Logistics Council. Employers from across Australia were contacted via telephone in May 2008. The employers contacted for the survey were taken from a list of businesses sourced from an independent marketing agent and a list provided by the Australian Logistics Council.

This was a sample survey and may not reflect individual employer experiences. The suggestions provided as a result of this research are intended as a starting point for further investigation and analysis in specific industry sectors or locations.

## 2.3. Profile of the Transport and Logistics Industry

The Transport and Logistics industry is traditionally labour intensive and, despite advances in technology, the industry's ability to attract labour as demand increases has the potential to affect its productivity in coming years. This could have a flow on effect as many other industries are reliant on the efficiency with which people and freight are able to be moved around the country and overseas.

Transport and Logistics is a very diverse industry. Businesses vary by sector, size, freight / passenger type, ownership, location, infrastructure requirements and employee skill requirements. In Australia, this industry is dominated by smaller businesses, although there are a few large national and international operators.[2] There is also ongoing debate within the industry on the definition of logistics and what businesses and industry sectors it encompasses. However, for the purpose of this research, it includes all those businesses involved in the sourcing, purchasing, transporting, storage and/or delivery of freight or passengers around Australia and the world.[3]

The breadth of the industry also results in there being a lack of data available on which to base industry wide decisions. Most previous labour market research available on the industry has focused on selected occupations, in particular, Truck Drivers. However, some labour force information on the Transport and Storage industry is available from the Australian Bureau of Statistics (ABS). This provides good indicative information on the labour force in the broader Transport and Logistics industry. However, it is important to note that ABS data only include information on organisations that describe themselves as primarily involved in Transport or Storage. Many other organisations have substantial logistics operations but are not included in ABS Transport and Storage data (e.g. large retail operations and mining companies).

## 2.4. Gender Composition of the Workforce

ABS information indicates that men make up 75.2 per cent of the total Transport and Storage workforce compared with 54.1 per cent of the workforce across all industries. As Chart 1 illustrates, male employees dominate the Transport and Storage industry workforce across all age groups.

The difference by comparison with other industries is most notable in the 45-64 year age group with men in this age group making up 33.6 per cent of the total Transport and Storage industry workforce. Conversely, women in this age group make up only 8.1 per cent of the total workforce. For all other industries, this gap is much narrower, with men aged 45-64 years making up 18.5 per cent of the total workforce compared with women aged 45-64 years who make up 16.2 per cent of the total workforce.

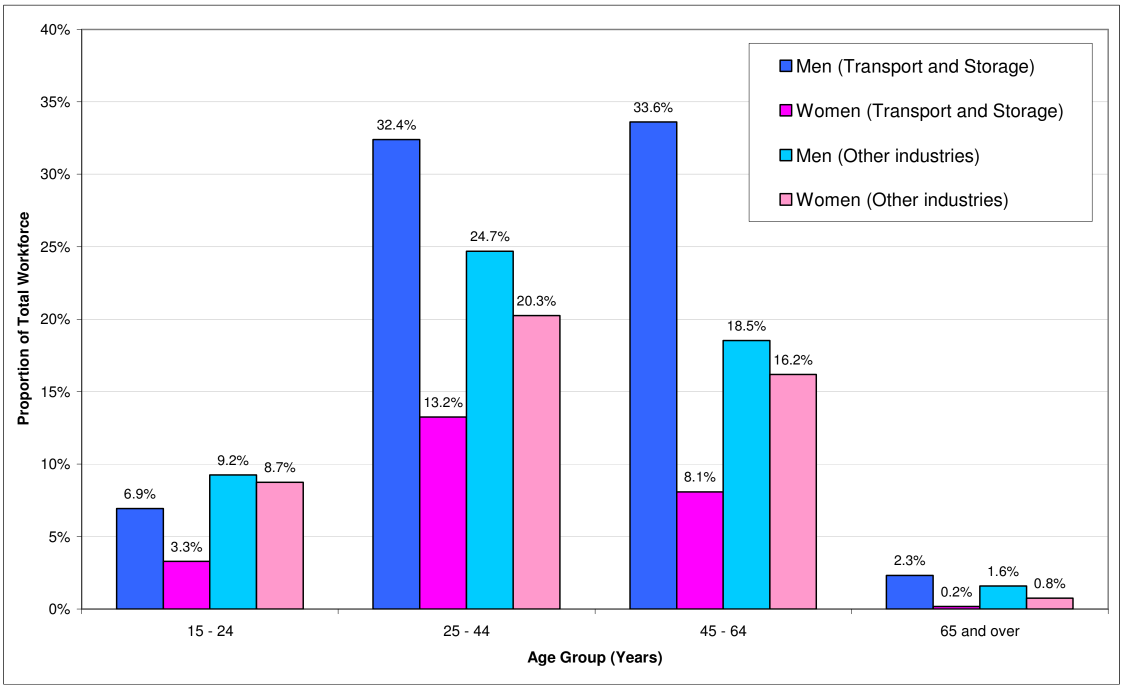
It can also been seen from this chart, that the Transport and Storage industry has an age profile which is skewed towards older age groups in comparison to other industries. It can be seen that 41.7 per cent of the total Transport and Storage industry workforce are in the 45-64 year age group, compared with 34.7 per cent of the workforce in other industries.

It is also notable that the share of younger people employed in the Transport and Storage industry is well below the average for other industries. The 15-24 year age group make up only 10.2 per cent of the total industry workforce compared with 17.9 per cent for other industries.

[2] "Workforce Challenges in the Transport Industry", Senate Standing Committee on Employment, Workplace relations and Education, August 2007.

[3] "Freight Logistics in Australia – An Agenda for Action", Industry Steering Committee for the Minister of Transport and Regional Services, May 2002.

### Chart 1. Composition of the Transport and Storage - Industry Workforce by Age and Gender, February 2008




*Source: ABS Labour Force Survey, February 2008, 4 quarter average*

## 2.5. Profile of Respondents

Overall, 189 employers were surveyed Australia-wide. As mentioned, the Transport and Logistics industry includes businesses from across a range of industries such as the Transport and Storage, Manufacturing, Wholesale Trade, Agriculture, and Retail Trade industries. For the purposes of this research, businesses were selected from a cross-section of industries, however, as Table 1 shows, the majority of responses were received from businesses in the Transport and Storage industry. Identifying a representative sample of the Transport and Logistics industry remains a challenge when conducting industry wide research.

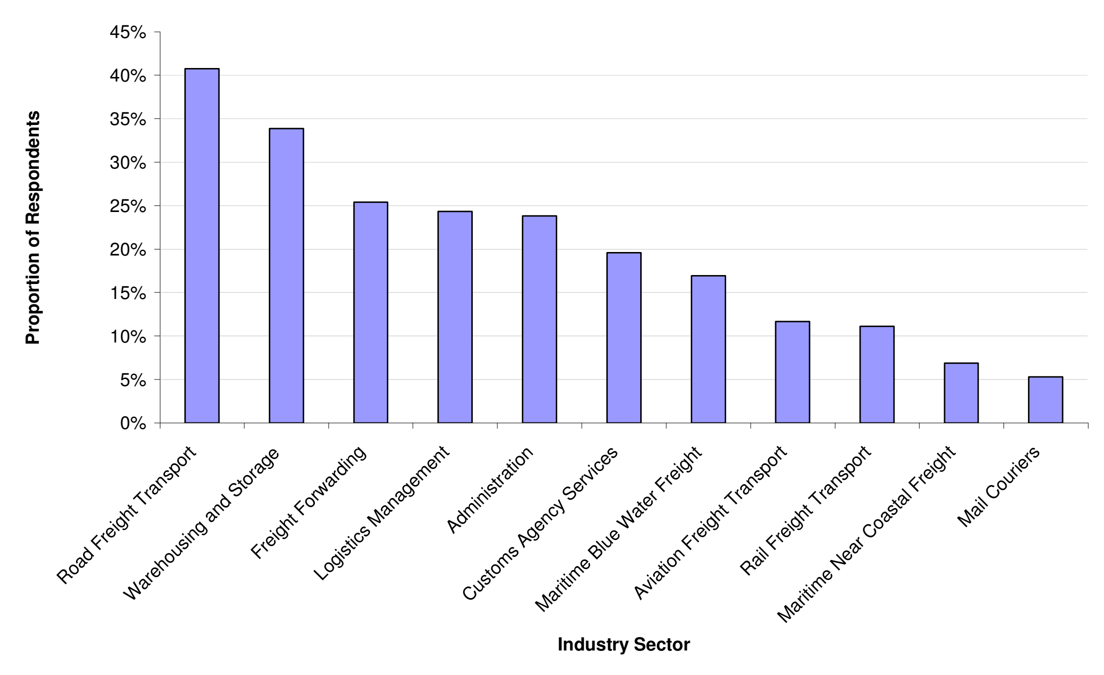
### Table 1. Number of Responses by Industry

| Industry | No of Respondents |
|---|---|
| Transport and Storage | 143 |
| Manufacturing | 18 |
| Wholesale Trade | 10 |
| Property and Business Services | 7 |
| Other Industries[4] | 11 |
| Total | 189 |

[4] Includes responses from the Agriculture, Forestry and Fishing; Personal and Other Services; Electricity, Gas and Water; Construction, Finance and Insurance; Government Administration and Retail Trade industries.

To provide further understanding of the respondents surveyed, employers were asked to identify in which sectors of the Transport and Logistics industry their business was involved. Chart 2 shows the breakdown of respondents by industry sector. It should be noted that employers were able to nominate more than one industry sector. The appendix provides an explanation of the industry sectors.

### Chart 2: Proportion of Employers Surveyed in Each Industry Sector [5]




Around 65.1 per cent of employers responding to the survey indicated that their organisation operated in two or more sectors of the Transport and Logistics industry. Road Freight Transport had the largest number of responding employers with 40.7 per cent of employers indicating that they operated in this sector.

# 3. RECRUITMENT IN THE 12 MONTHS PRIOR TO THE SURVEY

## 3.1. Recruitment Activity in the 12 Months prior to the Survey

Of the 189 employers surveyed, 141 had attempted to fill more than 1641 vacancies in the past year. Recruitment activity, therefore, was undertaken by 74.6 per cent of employers surveyed in the Transport and Logistics industry. This is well above the level of recruitment activity recorded for all industries surveyed in the 14 months to May 2008 which stood at 58.1 per cent. While recruitment activity was strong across all sectors of the Transport and Logistics industry, it was highest in the Freight Forwarding sector with 85.4 per cent of businesses undertaking recruitment. Recruitment activity varied

[5] In total, respondents operated in 18 industry sectors, however, less than 5 per cent of respondents reported operating in each of the following sectors – Aviation Passenger Transport, Road Passenger Transport, Services To Road Transport, Maritime Near Coastal Passenger, Maritime Blue Water Passenger, and Rail Passenger Transport.

noticeably according to the size of the business. As would be expected, lower levels of recruitment activity were reported by smaller businesses (businesses employing less than 5 people) with only 33.3 per cent of small business operators recruiting in the 12 months preceding the survey. By contrast, 90.5 per cent of businesses employing 100 staff or more had recruited in the 12 months prior to the survey.

### Table 2: Recruitment Activity by Size of Business in the 12 months prior to the Survey

| Business size (number of staff employed) | No. of businesses surveyed | Proportion recruited in last 12 months | Proportion recruited to both increase and replace staff | Proportion recruited to increase staff numbers (only) | Proportion recruited to replace staff (only) |
|---|---|---|---|---|---|
| **2 to 4** | 18 | 33.3% | 0.0% | 33.3% | 66.7% |
| **5 to 9** | 36 | 69.4% | 32.0% | 28.0% | 40.0% |
| **10 to 19** | 40 | 77.5% | 51.6% | 6.5% | 41.9% |
| **20 to 99** | 74 | 81.1% | 58.3% | 10.0% | 31.7% |
| **100 plus** | 21 | 90.5% | 63.2% | 10.5% | 26.3% |
| ***Total Transport and Logistics*** | ***189*** | ***74.6%*** | ***50.4%*** | ***13.5%*** | ***36.2%*** |
| ***Total All Industries*** | ***12,944*** | ***58.1%*** | ***43.5%*** | ***21.2%*** | ***35.2%*** |

Table 2 shows, that in total, 36.2 per cent of employers recruited solely to replace staff and a further 50.4 per cent recruited to both replace and increase staff numbers. Accordingly, in the 12 months prior to the survey, 86.6 per cent of Transport and Logistics employers undertook recruitment activity to replace staff who had left their business. This compares with 78.7 per cent of employers across all industries surveyed.

## 3.2. Recruitment Difficulties

Table 3 presents three key indicators of recruitment difficulties by State and compares the results for Transport and Logistics with the results of all industries surveyed in the 14 months to May 2008. The three indicators examined were:

- unfilled vacancies in the 12 months prior to the survey;
- employers with unfilled vacancies in their business in the 12 months prior to the survey; and
- employers who reported difficulty recruiting staff for one or more occupations in the 12 months prior to the survey.

## Table 3: Indicators of Recruitment Difficulties by Industry

| State | Number of businesses surveyed | Unfilled vacancies 12 months | % of employers with unfilled vacancies | Experienced difficulty 12 months |
|---|---|---|---|---|
| **NSW / ACT** | 66 | 14.9% | 30.6% | 63.3% |
| **VIC** | 39 | 9.5% | 23.1% | 57.7% |
| **QLD** | 30 | 14.7% | 32.0% | 84.0% |
| **SA** | 16 | 11.1% | 33.3% | 83.3% |
| **WA** | 15 | 8.7% | 50.0% | 100.0% |
| **TAS** | 11 | 8.5% | 16.7% | 83.3% |
| **NT** | 12 | 17.6% | 18.2% | 100.0% |
| ***Total Transport & Logistics*** | ***189*** | ***13.2%*** | ***29.8%*** | ***74.5%*** |
| ***All industries*** | ***12,944*** | ***10.2%*** | ***21.8%*** | ***64.9%*** |

It is evident that when compared with the combined results for all industries surveyed employers in the Transport and Logistics industry have been experiencing a high level of recruitment difficulties. In the 12 months prior to the survey:

- 13.2 per cent of vacancies in the Transport and Logistics industry were unfilled compared with 10.2 per cent of vacancies in all industries surveyed;
- 29.8 per cent of businesses had unfilled vacancies compared with 21.8 per cent across all industries surveyed; and
- 74.5 per cent of employers reported difficulty recruiting regardless of whether they filled the vacancy or not compared with 64.9 per cent of employers across all industries surveyed.

The indicators of recruitment difficulty varied noticeably by State. All employers in the Northern Territory and Western Australia reported difficulty recruiting. However, despite the high level of recruitment difficulty reported in both States, Western Australia had a much lower proportion of unfilled vacancies than the Northern Territory (8.7 per cent in Western Australia compared with 17.6 per cent in the Northern Territory). High levels of unfilled vacancies were also reported in New South Wales (including ACT) and Queensland (14.9 per cent and 14.7 per cent respectively).

A possible explanation for the low level of unfilled vacancies in Western Australia is that businesses in this State have already experienced an extended period of recruitment difficulty due to the overall strength of the Western Australian Labour Market and have adjusted their expectations both in terms of the conditions of employment they offer and the quality of applicant they are prepared to accept.

### 3.3. Recruitment Difficulty by Business Size and Industry Sector

Recruitment difficulties varied by business size (number of employees) and industry sector. Of the three indicators of recruitment difficulty considered, businesses with 10 to 19 employees had the highest levels of vacancies unfilled (22.6 per cent). Businesses with 100 or more employees had the highest percentage of employers with unfilled vacancies (42.1 per cent) and businesses with 5 to 9 employees reported the highest level of difficulty recruiting (84.1 per cent).

Recruitment difficulties were also evident across most sectors of the Transport and Logistics industry. However, recruitment was particularly difficult in the Mail Couriers sector with 29.6 per cent of vacancies unfilled, 50.0 per cent of businesses having unfilled positions and 75.0 per cent of employers reporting recruitment difficulty. The Rail Freight Transport sector also had a notably high proportion of vacancies unfilled (18.8 per cent). By contrast, the Administration sector had a relatively low level of recruitment difficulty with only 7.8 per cent of vacancies unfilled, 18.9 per cent of businesses having unfilled positions and 62.2 per cent of employers reporting that recruitment was difficult.

## 4. RECENT RECRUITMENT EXPERIENCES

To gain greater insight into the industry's recruitment difficulties, employers were asked detailed questions about the most recent vacancies for which they had recruited. In total, 141 businesses reported a total of 480 vacancies that they had most recently attempted to fill. Employers were asked about the number of applicants they received for those positions and how many of those applicants they considered suitable.

### 4.1. Recruitment Methods

The survey results for recent recruitment activity indicate that employers in the Transport and Logistics industry were more likely to use a formal method of recruitment (83.0 per cent of employers) than an informal method (31.9 per cent of employers). The main formal methods of recruitment used were newspapers (46.8 per cent), recruitment agencies (35.5 per cent) and the internet (31.2 per cent). Word of mouth or approaching an applicant directly was the most commonly used informal method of recruitment (used by 29.1 per cent of employers). The same level of success in filling vacancies was achieved regardless of whether a formal or informal method of recruitment was used with a success rate of around 82.0 per cent for both types of methods.

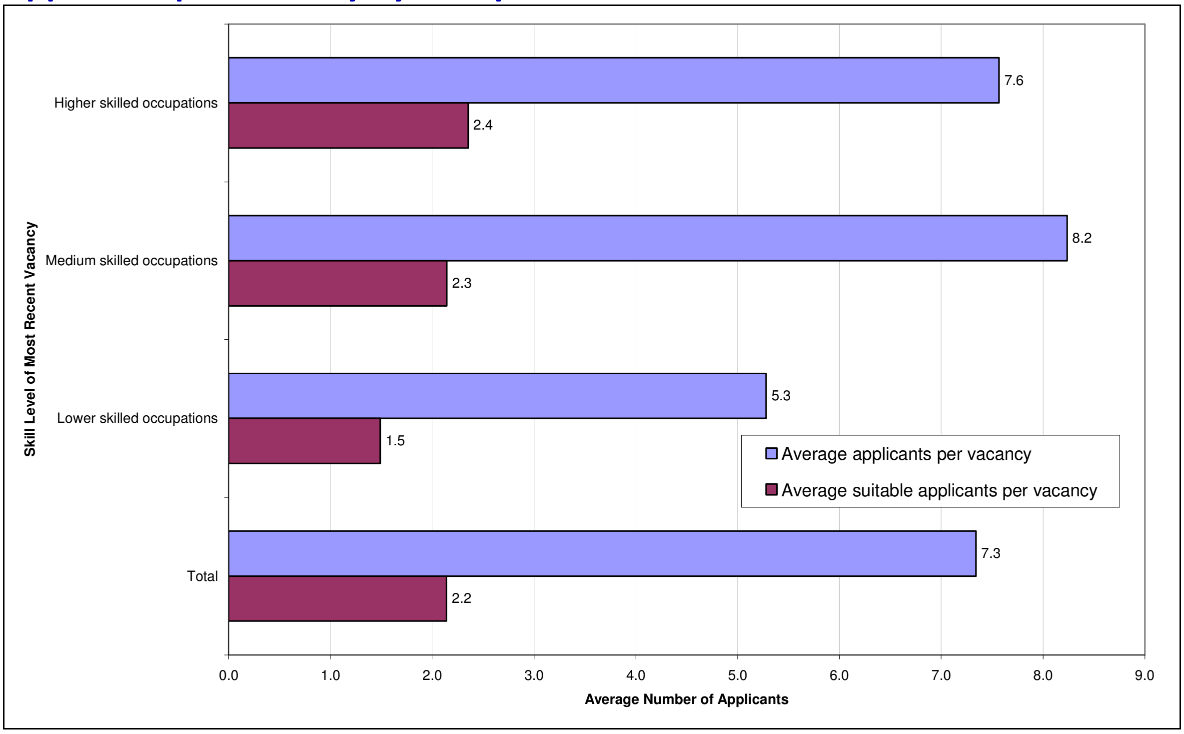
Employers of lower skilled occupations were more likely to use an informal method of recruitment (46.7 per cent) compared with employers of medium skilled and higher skilled occupations (28.9 and 32.6 per cent respectively). It was also notable that very few employers in the Transport and Logistics industry used the Job Network as a method of recruitment. In the medium and lower skilled occupations, only 6.0 and 6.7 per cent of employers respectively used the Job Network.

## 4.2. Level of Competition and Applicant Quality

The level of competition between applicants for positions and the quality of these applicants provides additional insight into the extent of recruitment difficulties being experienced by employers. In spite of the recruitment difficulties evident in the Transport and Logistics industry over the previous 12 months, there was a high level of competition for recent vacancies. Overall, an average of 7.3 applicants were received per vacancy compared with an average of only 4.3 applicants per vacancy for all industries surveyed in the 14 months to May 2008.

This high average number of applicants was reported across all skill levels in the Transport and Logistics industry. Higher skilled occupations in the industry had an average of 7.6 applicants per vacancy compared with an average of 4.1 applicants for all industries surveyed. Medium skilled occupations had the highest average number of applicants with 8.2 applicants per vacancy compared with an average of 5.3 applicants for all industries surveyed. Vacancies for lower skilled occupations had the least competition with an average of 5.3 applicants per vacancy. However, this is still considerably above the average of 3.6 applicants recorded for lower skilled vacancies across all industries surveyed.

### Chart 3: Average Number of Applicants and Average Number of Suitable Applicants per Vacancy by Occupation Skill Level

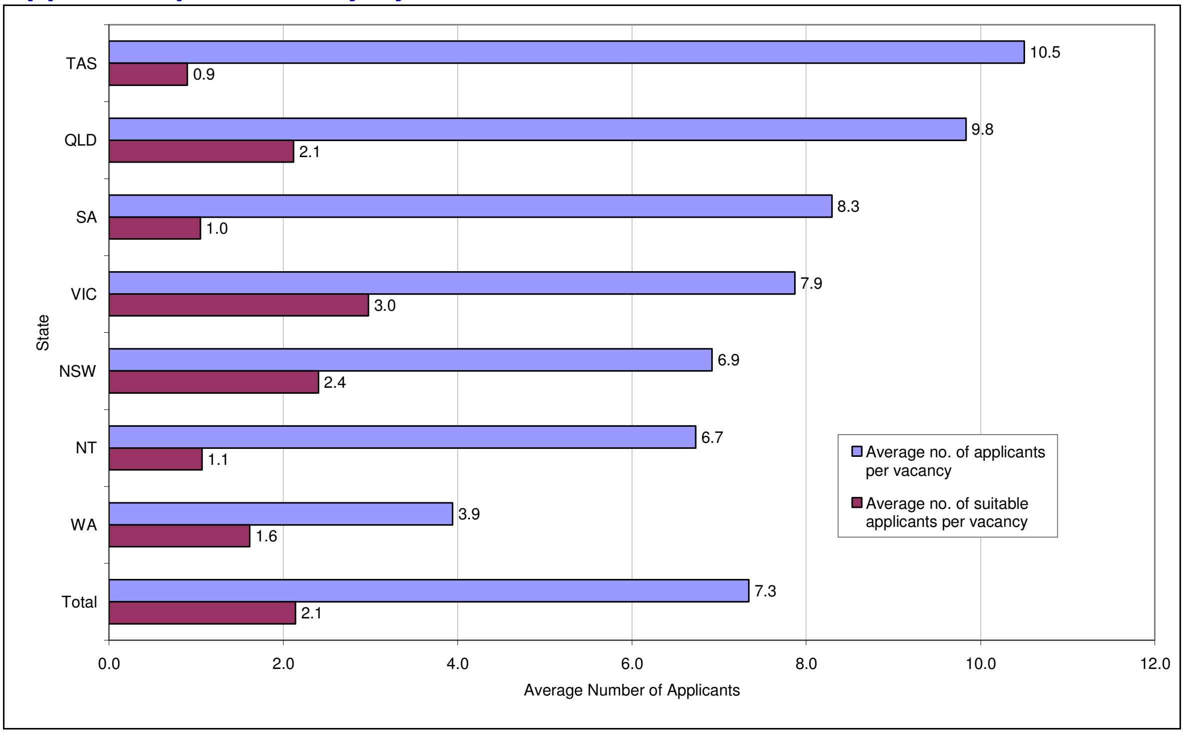



The suitability of applicants is also an indicator of recruitment difficulty. Overall in the Transport and Logistics industry, there was an average of 2.2 applicants considered suitable for the position for which they applied compared with an average of 1.7 suitable applicants for all industries surveyed. Given the level of unfilled vacancies reported in the Transport and Logistics industry over the previous 12 months, it is surprising that this level of competition existed and employers had, on average, more choice of suitable applicants per vacancy than employers in other industries.

A similar pattern is evident when looking at sectors within the Transport and Logistics industry. The Maritime Blue Water Freight sector, had the highest level of competition for vacancies, with over 10 applicants per vacancy, but on average only 2.8 applicants were considered suitable for the position for which they applied. Similarly, the Logistics Management sector had an average of 9.4 applicants per vacancy and an average of 3.2 suitable applicants per vacancy. By contrast, the Mail Couriers sector had a notably low level of competition by comparison with other sectors in the industry with an average of 4.0 applicants and 0.6 suitable per vacancy.

Chart 4 shows there was significant variation in the average number of applicants and suitable applicants per vacancy between States. Employers in Tasmania and Queensland had the most applicants with an average of 10.5 and 9.8 applicants per vacancy respectively. Of these, an average of 0.9 applicants were considered suitable in Tasmania, while in Queensland an average of 2.1 applicants were considered suitable per vacancy. On the other hand, employers in Western Australia had the lowest average number of applicants per vacancy (3.9 applicants per vacancy). However, despite the low number of applicants West Australian employers reported an average of 1.6 of these applicants suitable for the position for which they had applied. This may in part help explain the relatively low proportion of unfilled vacancies in Western Australia over the previous 12 months (refer section 3.2).

### Chart 4: Average Number of Applicants and Average Number of Suitable Applicants per Vacancy by State

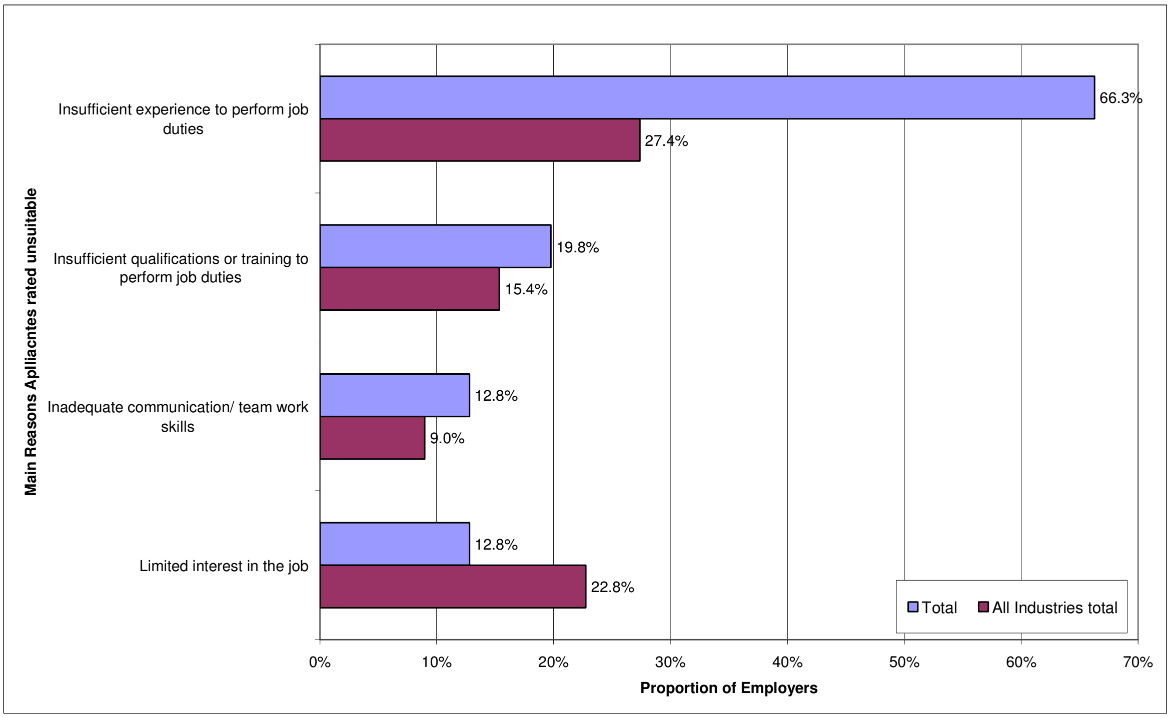



## 4.3. Reasons Applicants were Unsuitable

Charts 3 and 4 confirm that employers in the Transport and Logistics industry are able to attract a relatively high average number of applicants and suitable applicants. Of concern though is the very high average number of applicants who employers reported as unsuitable compared with all industries surveyed in the 14 months to May 2008. In total, 70.8 per cent of applicants for vacancies in the Transport and Logistics industry were considered unsuitable for the vacancy for which they had applied compared with 60.9 per cent of applicants who were considered unsuitable in all other industries surveyed.

Understanding the reasons employers had difficulty recruiting is essential to developing strategies that increase the number of suitable applicants employers are able to choose from. Chart 5 shows the most commonly reported reasons for applicant unsuitability. Overall, 66.3 per cent of employers in the Transport and Logistics industry rated applicants as being unsuitable due to insufficient experience to perform the job duties. This is significantly higher than the 27.4 per cent of employers in all industries surveyed who noted insufficient experience as a reason for applicant unsuitability. Other reasons commonly reported included insufficient qualifications or training to perform job duties (19.8 per cent in the Transport and Logistics industry compared with 15.4 per cent for all industries); and inadequate communication and/or teamwork skills (12.8 per cent compared with 9.0 per cent for all industries).

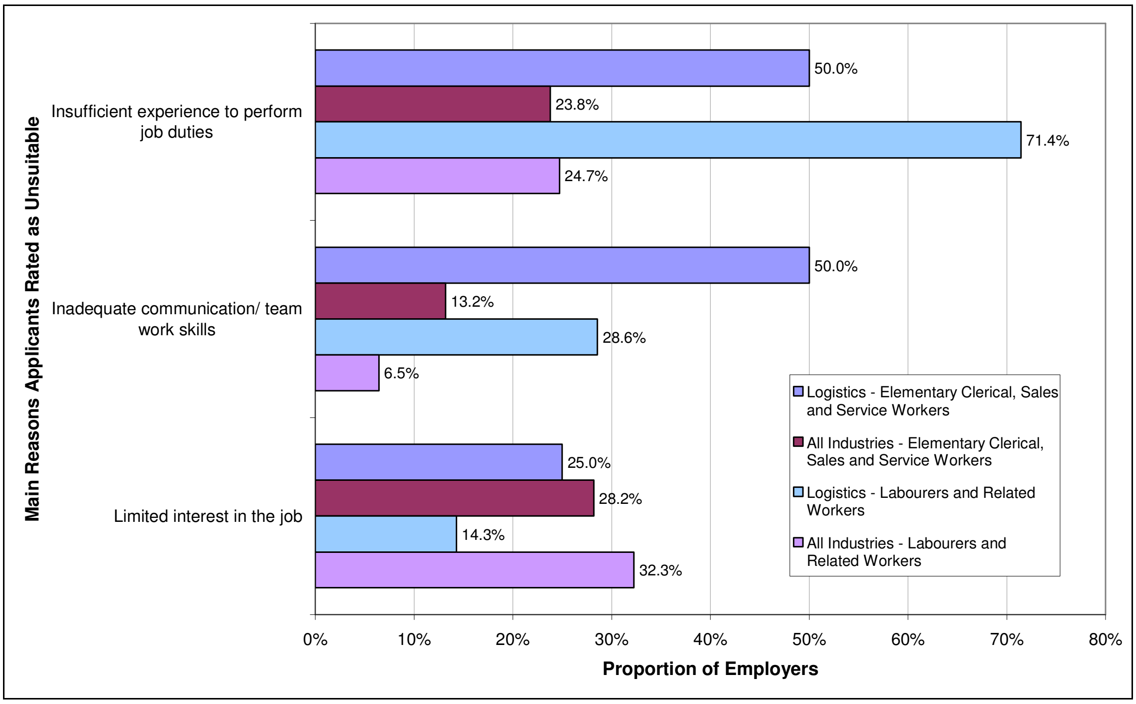
## Chart 5: Main Reasons Applicant Unsuitable – Total for Transport and Logistics Industry and all Industries.




The reasons employers most commonly reported applicants as being unsuitable for lower skilled positions in the Transport and Logistics industry were particularly notable when compared with all other industries surveyed. In the Transport and Logistics industry 63.6 per cent of applicants for lower skilled positions were reported as unsuitable due to insufficient experience, compared with 24.2 per cent of employers recruiting for lower skilled vacancies in all industries surveyed in the 14 months to May 2008.

Chart 6 (below) shows the two occupation groups within the lower skilled category, Elementary Clerical, Sales and Service Workers and Labourers and Related Workers. Employers in the Transport and Logistics industry cited insufficient experience as a reason for unsuitability more often than employers surveyed in other industries, for both lower skilled occupation groups. The difference was most pronounced for Labours and Related Worker occupations with 71.4 per cent of employers in Transport and Logistics citing insufficient experience compared with only 24.7 of all other employers surveyed.

### Chart 6: Reasons Applicants for Lower Skilled Occupations were Rated Unsuitable




In addition, inadequate communication and/or team work skills was also more commonly cited as a reason for unsuitability in the Transport and Logistics industry than in other industries surveyed. For example, in the Elementary Clerical, Sales and Service Workers occupations 50.0 per cent of Transport and Logistics employers mentioned inadequate communication and/or team work skills compared with just 13.2 per cent of employers in all other industries surveyed.

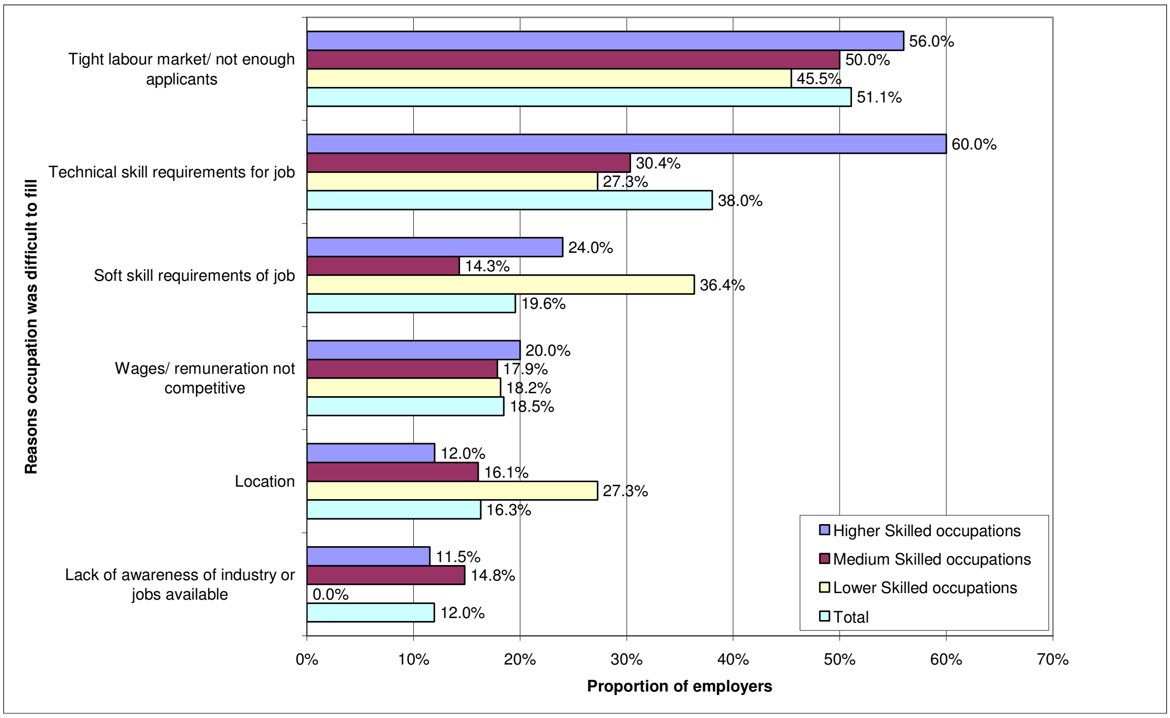
## 4.4. Recruitment Difficulties for Recent Vacancies

Overall, 65.2 per cent of Transport and Logistics employers surveyed reported difficulty recruiting for their most recent vacancy regardless of whether the vacancy was filled or not, compared with 54.7 per cent for all other industries surveyed. Employers recruiting for lower skilled occupations reported the highest level of difficulty (73.3 per cent) while the level of difficulty reported for higher and medium skilled vacancies was lower at 67.5 per cent and 58.1 per cent respectively.

Employers were asked the reason they thought recruitment was difficult for their most recent recruitment activity. Despite the high level of applicants and suitable applicants mentioned previously, tight labour market conditions and/or not enough applicants were reported as the principal cause of recruitment difficulties across all skill levels.

Technical skill requirements were also regularly reported as a reason for recruitment difficulty (reported by 38.0 per cent of employers in total). However, as expected this reason was most prevalent amongst employers of higher skilled occupations. It was also notable that soft skill requirements of the job were more commonly reported as a reason for recruitment difficulty by employers in the Transport and Logistics industry than by employers in all other industries surveyed (19.6 per cent compared with 8.4 per cent for all industries surveyed).

### Chart 7: Reasons Why Employers Found Recruitment Difficult



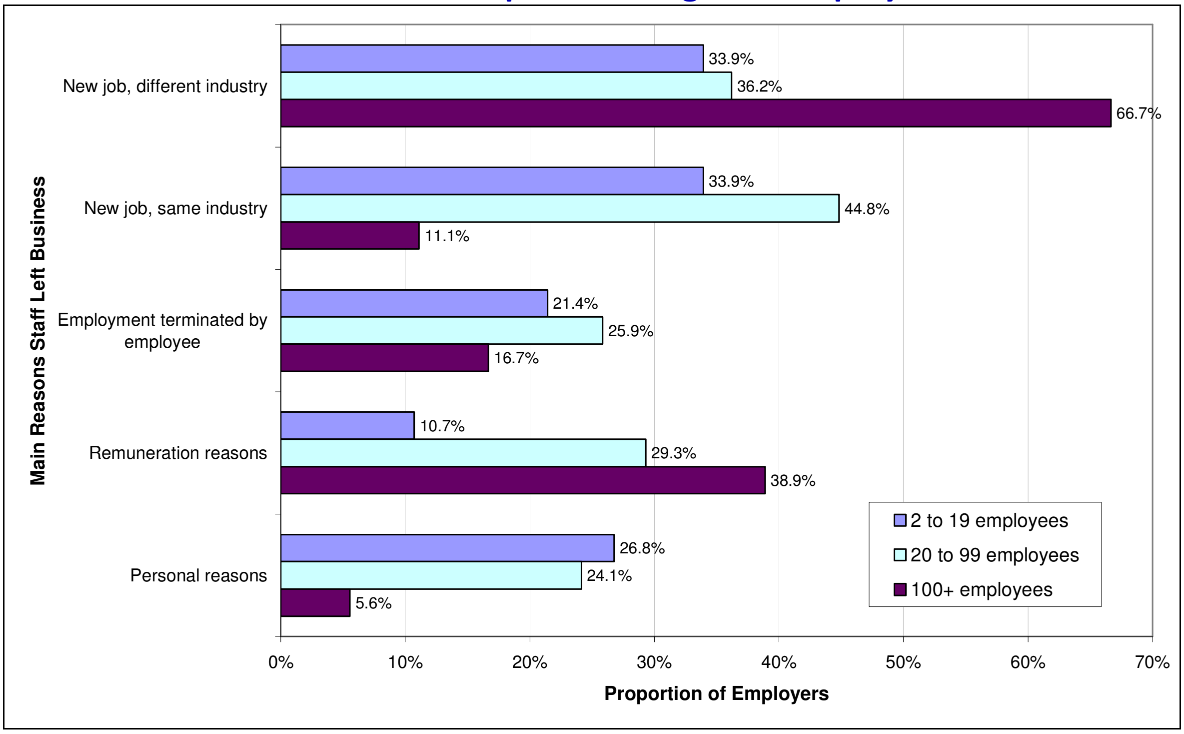

By sector, the tight labour market was commonly reported as a reason for recruitment difficulty by the Administration (75.0 per cent), Customs Agency Services (72.7 per cent), Logistics Management (66.7 per cent) and Mail Couriers (66.7 per cent) sectors. A lack of technical skill requirements was commonly reported in the Maritime Near Coastal Freight sector (50.1 per cent) and applicants lacking soft skills was more commonly reported in the Logistics Management (29.2 per cent), Rail Freight Transport (27.3 per cent) and Warehousing and Storage (23.3 per cent) sectors.

# 5. RECRUITMENT PRACTICES IN THE 12 MONTHS FOLLOWING THE SURVEY

## 5.1. Retention Strategies

Employers were asked whether any staff had left their business in the 12 months preceding the survey. Overall, 69.8 per cent of Transport and Logistics employers surveyed had staff leave in the 12 months prior to the survey.

## Chart 8: Reasons Staff Left Transport and Logistics Employers

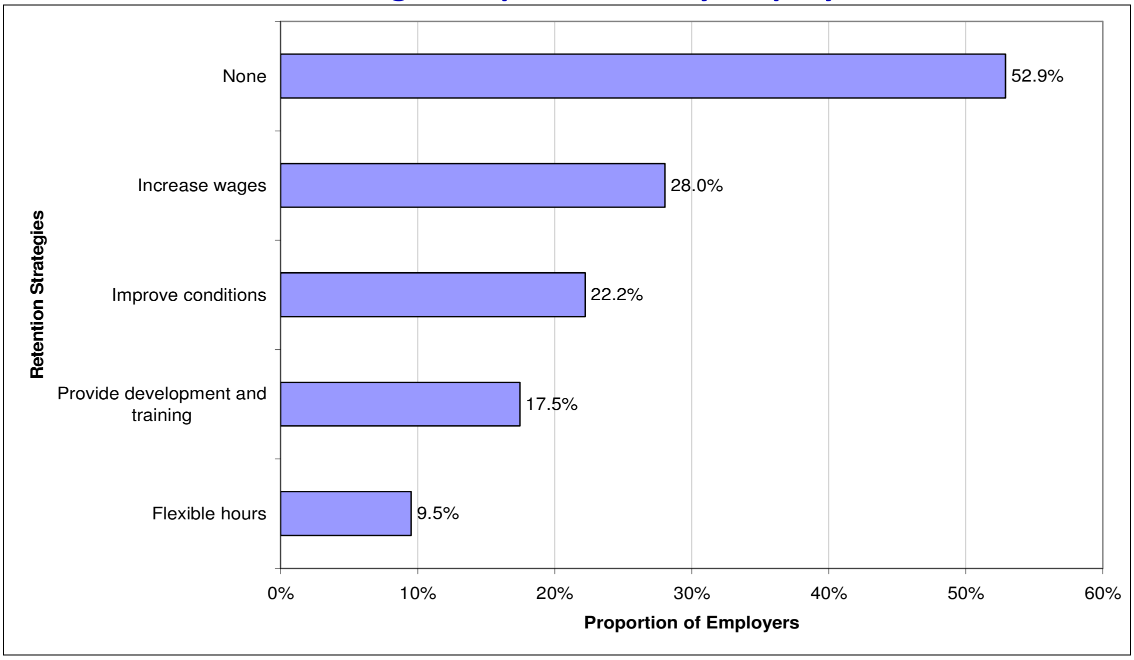



Overall, employers reported that the main reason staff left a business was to work in a new job in a different industry (39.4 per cent). A further 35.6 per cent of employers reported that staff left to work in a new job within the Transport and Logistics industry.

Chart 8 shows how the reasons varied by size of business. Larger businesses (employing 100 staff or more) were more likely to report that staff left for a new job in a different industry (66.7 per cent), or for remuneration reasons (38.9 per cent).

Over half (52.9 per cent) of businesses surveyed indicated that they did not have retention strategies in place. Chart 9 shows the retention strategies of the remaining 47 per cent of employers. The main strategy reported was to increase wages (28.0 per cent of employers), followed by improving conditions (22.2 per cent) and offering development and training (17.5 per cent). Flexible hours were offered by only 9.5 per cent of businesses with retention strategies.

### Chart 9: Retention Strategies Implemented by Employers




The lack of retention strategies reported was surprising given the high proportion of employers who reported recruitment was difficult. Employers recognised they had staff leaving and consequently needed to undertake high levels of recruitment activity due to staff turnover.

## 5.2. Training and Apprenticeships

Transport and Logistics industry employers were asked if they were training existing staff. In the last 12 months, 62.4 per cent of businesses surveyed had staff within the organisation undertaking training or development programs. These businesses reported that the reason for training in 47.5 per cent of cases was a combination of developing new skills and keeping existing skills current, 37.3 per cent of cases were solely to develop new skills and 14.4 per cent of cases were solely to keep existing skills current. The vast majority of businesses (94.9 per cent) reported that this training was at least partially funded by the business.

In the past 12 months, 21.3 per cent of businesses had recruited a trainee or apprentice. Of those employers who had not recruited a trainee or apprentice, the majority reported that the reason was that their business had no need for one (56.9 per cent). Around 20 per cent of employers also reported that they required experienced or qualified employees rather than trainees or apprentices.

## 5.3. Workforce Diversity

Employers were asked whether they used any approaches to attract particular groups of job seekers such as younger workers or women. Overall, 79.3 per cent of businesses had no diversity strategies in place. The majority of businesses that did have a diversity strategy were concentrated in businesses with 100 or more employees.

## Table 4. Proportion of Employers Reporting Use of Diversity Strategies

| Diversity Strategy | Proportion of Employers |
|---|---|
| No strategies | 79.3% |
| Younger people (under 25) | 6.4% |
| Older people (over 55) | 3.6% |
| Indigenous people | 3.6% |
| Females | 2.9% |
| University graduates | 2.1% |

## 5.4. Future Employment Expectations

Employers were asked about their future recruitment expectations. Recruitment expectations in the 12 months following the survey were higher in the Transport and Logistics industry than all industries surveyed in the 14 months to May 2008 with 59.8 per cent of businesses expecting to recruit compared with 48.2 per cent of all industries surveyed. Employers in the Transport and Logistics industry reported that over the coming 12 months they most commonly expect to recruit for Transport and Despatching Clerks, Truck Drivers, General Clerks and Storepersons.

The majority of employers in the Transport and Logistics industry expect recruitment to be a result of business growth (70.8 per cent compared with 59.3 per cent for all industries surveyed). It is surprising that employers only expect that 53.1 per cent of recruitment in the Transport and Logistics industry will be due to staff turnover given that 86.5 per cent of businesses recruited, at least in part, due to staff turnover during the previous 12 months. It is also below the level of recruitment due to staff turnover that is expected by employers in all industries surveyed over the next 12 months (62.6 per cent). The low expected level of staff turnover in the next 12 months, together with the results showing that less than half of employers surveyed had retention strategies, suggests that the degree of staff turnover may be underestimated by the industry.

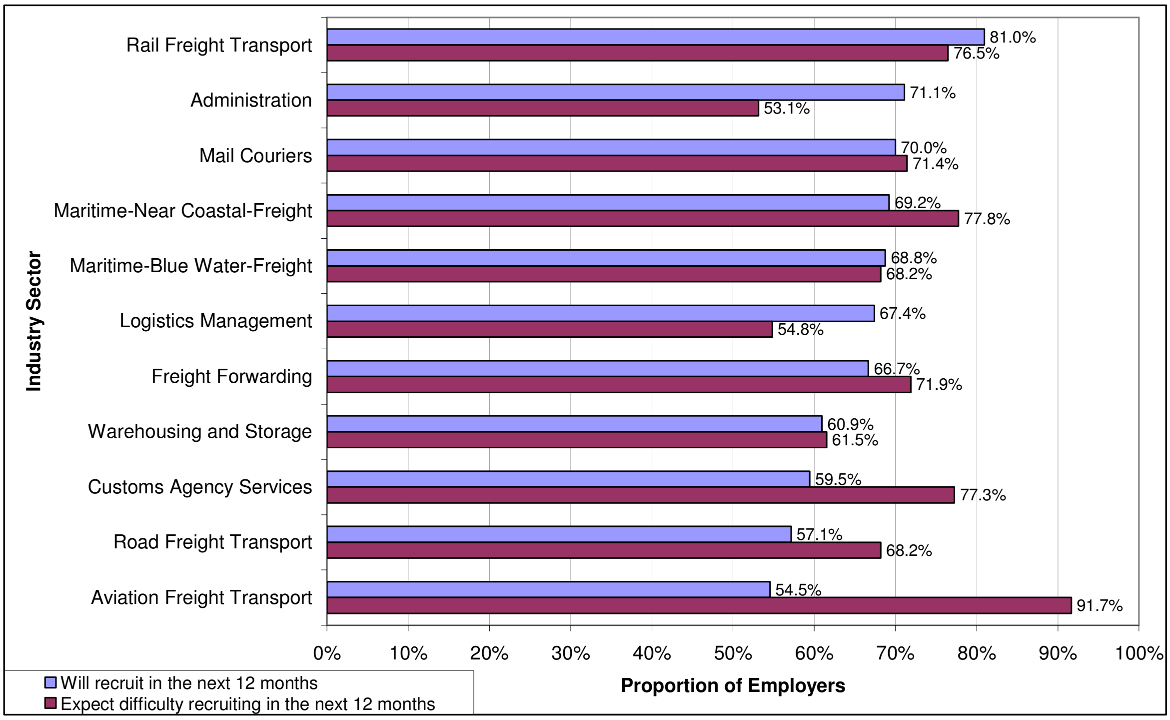
A high proportion (65.5 per cent) of employers anticipate that future recruitment will be difficult. This is notably above the expectations of all industries surveyed (58.9 per cent who expect recruitment to be difficult) and another reason to try and retain the staff already working in a business.

## Table 5: Future Recruitment Expectations

| Industry | Expect to recruit | Expect to recruit due to employment growth | Expect to recruit due to staff turnover | Expect recruitment to be difficult |
|---|---|---|---|---|
| **Total Transport and Logistics** | 59.8% | 70.8% | 53.1% | 65.5% |
| **Total all industries** | 48.2% | 59.3% | 62.6% | 58.9% |

Chart 10 shows that expectations of future recruitment are relatively high across all sectors of the Transport and Logistics industry and that the majority of employers in each sector anticipate that recruitment will be difficult. Future recruitment expectations were highest in the Rail Freight Transport sector with 81.0 per cent of employers expecting to recruit in the 12 months following the survey. Over three quarters (76.5 per cent) of these employers anticipate difficulty recruiting.

## Chart 10: Future Employment Expectations by Sector



# 6. RECOMMENDATIONS

The survey results indicate that employers in the Transport and Logistics industry are experiencing a relatively high level of recruitment difficulty. In addition, a significant proportion of the workforce is nearing retirement. Individual employers and the industry as a whole need to act to address the level of recruitment difficulty that currently exists and to ensure an adequate supply of labour in the future. The survey results highlight a number of areas ongoing efforts should be considered.

Industry bodies must continue to emphasise the importance of attracting younger age groups and women to the industry. Peak industry bodies are making increasing efforts to promote Transport and Logistics as a career for both of these groups (e.g. through attendance at careers days at schools and universities and by aiming industry promotion campaigns directly at women). However, the survey results indicate that at the individual business level few organisations have strategies in place which aim to tap into these sources of labour despite there being a general level of awareness that this is needed. It is recommended that:

- **The importance of establishing strategies to attract non traditional sources of labour (in particular, women and younger workers) to the industry continue to be emphasised to employers.**
- **Employers implement graduate programs to attract skilled younger workers to the industry across a range of disciplines.**

There is a perception in the industry that it is difficult to attract applicants to apply for vacancies, due in part to the current tight labour market and in part to the image of the industry. This perception is not reflected by the results of the survey which indicate that the Transport and Logistics industry had, on average, a high level of competition for vacancies across all occupation skill levels, in comparison to other industries. However, employers reported that, on average, a significant number of these applicants are unsuitable for the positions they applied for and this resulted in a high proportion of unfilled vacancies.

The survey results indicate that employers in the Transport and Logistics industry place a high value on previous industry experience and were reluctant to employ workers without industry experience, even in lower skilled positions. This may also be a reason why few organisations have strategies in place to attract younger and / or female workers. This approach will not be sustainable in the future and some adjustment of employers' expectations is needed. It was notable that employers in Western Australia appear to be leading in making this adjustment. While employers in Western Australia reported a low average number of applicants, a higher proportion of these applicants were found to be suitable for the position they applied for than in other States.

Bridging the gap between the quality of applicants and the expectations of employers could be aided by the development and promotion of occupation profiles that emphasise the skills and experience that are required to perform different jobs in the industry. If undertaken at the industry level, this would help to foster a common understanding of the experience requirements for different jobs amongst both employers and job seekers. Linking these profiles with career pathway options that exist both within and across industry sectors would help to strengthen understanding of the differing experience and skills needs that relate to different occupations across the industry. It is recommended that:

- **Industry bodies help foster a common understanding amongst employers and job seekers of the experience needed in different positions by developing occupation profiles which highlight the experience and skills needed in different jobs. In some cases, employers' expectations of experience and skill levels may need adjustment to reflect the skills and experience possessed by the pool of available applicants, particularly in lower skilled occupations.**
- **Employers clearly communicate their expectations regarding skills and experience when advertising vacancies.**

Ongoing efforts are also needed to make employers more willing to accept new workers into the industry, particularly in the lower skilled occupations. Development and promotion of training programs at the industry level which are aimed at inducting new workers into the industry and providing them with the basic skills needed to quickly become productive may help. It is recommended that:

- **Industry approved training courses should be developed to ensure new workers are provided with the basic skills needed to help them quickly become productive.**

The survey results also indicate that a significant amount of recruitment is occurring due to staff turnover and the main reason employees are leaving a business in the Transport and Logistics industry is to take up a job in another industry. Increased use of retention strategies such as provision of training and the use of flexible working hours may help to lower staff turnover and will become increasingly important in retaining the large number of older workers who are nearing retirement. It is recommended that:

- **Employers make increased use of retention strategies such as the use of flexible working hours to reduce staff turnover and retain older workers who are nearing retirement.**

## Explanation of Industry Sectors

| Sector | Explanation |
|---|---|
| Road Transport (Freight and Passenger) | Businesses mainly engaged in the transportation of freight or passengers by road. It also includes units mainly engaged in renting trucks with drivers for road freight transport. |
| Rail Transport (Freight and Passenger) | Businesses mainly engaged in operating railways for the transportation of freight or passengers by rail. |
| Aviation Transport (Freight and Passenger) | Businesses mainly engaged in operating aircraft for the transportation of freight or passengers. |
| Maritime Near Coastal (Freight and Passenger) | Businesses mainly involved in operating vessels for the transportation of freight and passengers that are mostly active in Australian waters. |
| Maritime Blue Water (Freight and Passenger) | Businesses mainly involved in operating large ocean going commercial trading vessels which operate outside a country's 'near coastal' area. |
| Services to Road Transport | Businesses mainly engaged in the provision of services to transport. Activities include - crating or packing services; container repair or refurbishing; wool dumping; container terminal or park facilities provision; terminal facilities provision; toll bridge operation; toll road operation; weighbridge operation. |
| Freight Forwarding | Businesses mainly engaged in contracting to transport goods for other enterprises, and using different enterprises to perform the contracted services by way of road, rail and/or air and/or sea freight transport. The `forwarding' unit takes on prime responsibility for the entire transport operation. |
| Customs Agency Services | Businesses mainly engaged in providing advice on import and export procedures and documentation and other related services. |
| Logistics Management | Businesses involved in the planning, implementing and controlling of efficient, effective forward and reverse flow and storage of goods, services and related information between point of origin and point of consumption. Logistics management involves the integration of information, transportation, inventory, warehousing, material handling and packaging. |
| Administration | Businesses or business sections mainly involved in activities to support the day to day operation of Transport and Logistics functions. Activities include office administration, preparing documents, taking orders, reporting, HR. |
| Warehousing and Storage | Businesses mainly involved in operating warehousing and storage operations. Activities include, petroleum storage operation, cool room storage services, furniture storage, grain storage etc. |
| Mail Couriers | Businesses mainly engaged in the pick-up and delivery of small items such as documents, messages, mail and parcels. |

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