



BRIEF REPORT ON

THE CURRENT STATUS OF THE LOGISTICS WORKFORCE IN VIETNAM

2019

BRIEF REPORT ON STATUS & PROPOSED SOLUTIONS TO DEVELOP HUMAN RESOURCES FOR LOGISTICS SECTOR IN VIETNAM 2019

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Acknowledgement

This report was prepared by the Vietnam Logistics Business Association (VLA) and the Vietnam Logistics Research and Development Institute (VLI) and presented at the Forum on Human Resource Development for the Logistics Industry - Future Trends in Vietnam 2019 held on May 16, 2019 in Ho Chi Minh City, Vietnam. The research team was led by Associate Professor Dr. Ho Thi Thu Hoa.

The research for this report was made possible through funding assistance provided on behalf of Australian Department of Foreign Affairs and International Trade by the Aus4Skills Program, and by the VLA.

The research team acknowledges its use of secondary data on the status of human resources in Vietnam's logistics industry from two official sources, namely: (i) the 2018 Vietnam Logistics Report of the Ministry of Industry and Trade; and (ii) the Vietnam Logistics Association White Book 2018. In addition, the team has incorporated comments and recommendations of participants in the Forum on Human Resource Development for the Logistics Industry - Future Trend in Vietnam 2019 in the report.

The research team extends its great appreciation to peer reviewers Dao Trong Khoa, Nguyen Thanh Binh, and Nguyen Duy Minh who were instrumental in finalising this report.

The research team also extends its appreciation to Nguyen Thi Thu Thuy (Operation), Vu Thi Binh Minh (Copyediting), Vietnam Logistics Review (Designing) and Pham Dieu Linh (Administration) for the support they provided in preparing this report.

Abbreviation

DOIT	Department of Industry and Trade
DOLISA	Department of Labour, Invalids and Social Affairs
DVET	Directorate of Vocational Education and Training
FD	FIATA Diploma Logistics
FDH	FIATA Higher Diploma Supply Chain
FIATA	Federation of Freight Forwarders Associations
GoV	Government of Vietnam
LIRC	Logistics Industry Reference Council
LPI	Logistics Performance Index
OS	Occupational Standards
OSS	Occupational Skills Standards
VET	Vocational Education and Training
VCCI	Vietnam Chamber of Commerce and Industry
VLA	Vietnam Logistics Business Association
VLI	Vietnam Logistics Research and Development Institute
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
VCCI	Vietnam Chamber of Commerce and Industry
VLA	Vietnam Logistics Business Association
VLI	Vietnam Logistics Research and Development Institute

INTRODUCTION



The logistics service industry in Vietnam has made dramatic progress in recent years and shows remarkable potential for growth, in parallel with the development of other economic sectors in the country. According to the World Bank's Logistics Performance Index¹ (LPI) published July 2018, Vietnam ranked 39 out of the 160 investigated countries, up by 25 rankings since 2016 when it was ranked 64 out of 160 countries. This achievement was made possible as a result of targeted and timely policies and strategies issued by the Government of Vietnam (GoV), as well as the persistent efforts of logistics enterprises in Vietnam. However, human resource development in the logistics sector, while core to the sector's success, continues to face countless challenges in terms of quantity, quality, opportunities for equitable and sustainable development. It is therefore an urgent mandate to assess the sector's human resources in a comprehensive manner, to reflect on labor supply and demand in the logistics industry, and to formulate strategies for the sustainable development of human resources for the logistics sector in Vietnam.

The Prime Minister endorsed Decision No. 200/QĐ-TTg ratifying the **ACTION PLAN FOR IMPROVEMENT OF COMPETITIVENESS AND DEVELOPMENT OF VIETNAM'S LOGISTICS SERVICES BY 2025** on February 14, 2017. This decision highlights that Vietnam will “*focus on increasing the competitiveness of logistics service providers. Logistics service providers shall be developed in terms of quantity, scale and qualifications with the aim of holding a high level of competitiveness in both domestic and foreign markets*”. The main task of “providing trainings, raising awareness and improving the quality of the human resources” was introduced in this Action Plan.

In order to provide an overview of the sector's human resources, and to adequately analyse, assess, and make recommendations on proper solutions for equitable and sustainable development in the sector, the Vietnam Logistics Business Association (VLA) and the Vietnam Logistics Research and Development Institute (VLI), in cooperation with Aus4Skills, collected data through intensive surveys and interviews with logistics enterprises and leading experts in logistics human resources, for presentation and discussion at the Forum on Human Resources Development for the Logistics Industry - Future Trend in Vietnam Nam 2019. From these discussions and exchanges, recommendations and proposals have been formulated for the equitable and sustainable improvement and development of the sector's human resources. The information collected from the surveys was valuable in providing a snapshot of the current status of human resources in the logistics industry with notable and topical recommendations for further development. Information on current logistics staff recruitment and training, salary, bonuses and benefits of logistics workers, gender equality and workers with disabilities in logistics enterprises, staff capacity assessment, roles and relationships between training institutions and enterprises, and corresponding solutions to employment constraints provide an overview of human resources in the logistics industry in Vietnam, and point to the abundant potential and opportunity for development, as well as to the challenges presented by the current fourth industrial revolution.

¹ The LPI is an interactive benchmarking tool created by the World Bank to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. <https://lpi.worldbank.org/international/global/2018>

METHODOLOGY



Qualitative methodology is the main research method applied in this report, namely peer review, questionnaire-based surveys and in-depth surveys.

A series of tasks and events were organized by VLA and VLI in cooperation with Aus4Skills during the period from April to June 2019 to collect data. These tasks included:

- » Designing the contents of the survey and interview for primary data collection;
- » Conducting intensive surveys and interviews with 10 logistics enterprises;
- » Conducting desktop review of secondary data on the status of Vietnam's human resources in the logistics industry from two official sources, namely the 2018 Vietnam Logistics report of the Ministry of Industry and Trade and the VLA White Book 2018;
- » Presenting the preliminary findings of the research at the Forum on Human Resources Development for the Logistics Industry - Future Trend in Vietnam 2019 for comments and feedback (i.e. compiling the results of group and panel discussions which involved the participation of representatives from relevant stakeholders such as VLA, Vietnam Chamber of Commerce and Industry (VCCI), the Logistics Industry Reference Council (LIRC), the Directorate of Vocational Education and Training, Ho Chi Minh City Department of Labour, Invalids and Social Affairs (DOLISA), and Ho Chi Minh City Department of Industry and Trade (DOIT); and
- » Conducting a peer review process after the forum to clarify report findings.

FURTHER DETAILS REGARDING THE TASKS UNDERTAKEN ARE OUTLINED BELOW.

Intensive survey and interviews

- ❖ The research team conducted surveyed members of VLA in April and May 2019. The research team received responses from 41 logistics enterprises across the country, including marine, road and airway transportation and logistics companies, express delivery companies, warehouses and inland container depot service providers and logistics service providers including freight forwarding agents.
- ❖ Data was collected on the following themes (i) logistics employee recruitment by enterprises; (ii) logistics staff training by enterprises; (iii) salary, bonus and benefits of logistics staff of enterprises; (iv) gender equality and workers with disabilities in logistics enterprises; (v) logistics staff capacity assessment; and (vi) development of occupational standards (OS) and occupational skills standards (OSS) for the logistics industry. Collected data was statistically processed to provide an indication of human resources in the logistics sector in Vietnam.
- ❖ Intensive interviews of 10 senior logistics experts were

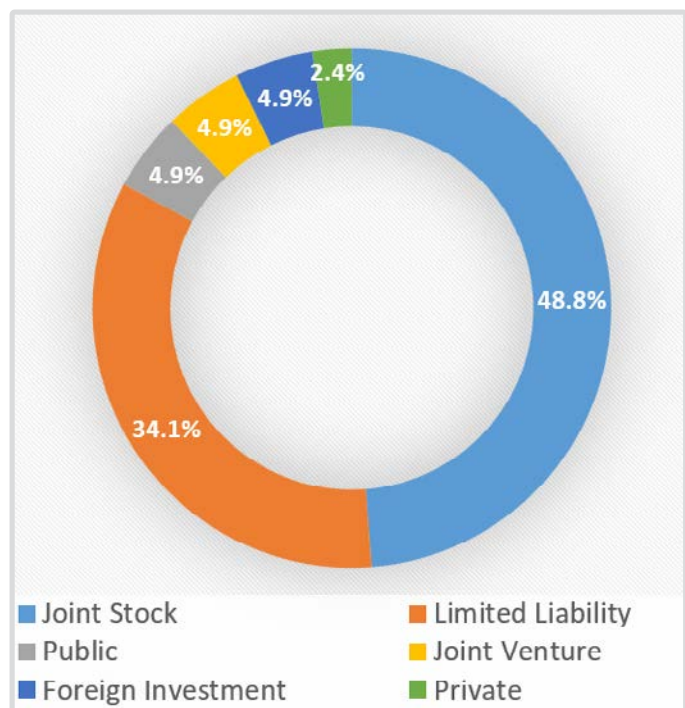


Figure 1: Types of enterprises

conducted to collect viewpoints and recommendations on the development of human resources in the logistics industry in Vietnam.

- ❖ Of the 41 logistics enterprises surveyed, joint stock companies accounted for 48.8% and limited liability companies accounted for 34.1%. Figure 1 shows other types of enterprises surveyed such as foreign, joint venture, private and state-owned companies which accounted for smaller percentages (less than 5% each). Of the respondents, enterprises which mainly operated in logistics activities accounted for 56.1%; forwarding, warehouse service and express delivery companies represented 12.2%, 9.8% and 7.3%, respectively. The remaining respondents were shipping lines, airlines, road transportation companies, customs clearance service providers, etc. which accounted for less than 5% of total respondents.
- ❖ Figure 3 shows the size of the surveyed enterprises. Companies with less than 50 employees accounted for 31.7% of the respondents surveyed, followed by enterprises of 50 -100 employees, accounting for 19.5% of the respondents surveyed. Enterprises with 101 - 200 employees accounted for 17.1% of the respondents surveyed. Enterprises with more than 1,000 employees and enterprises with 501- 700 employees accounted for 12.2% and 9.8%, respectively. The sample companies match with the reality since most of Vietnam's logistics enterprises are small or micro entities.

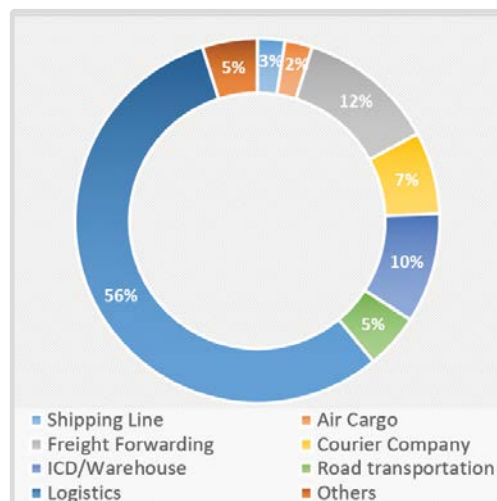


Figure 2: Enterprises' business areas

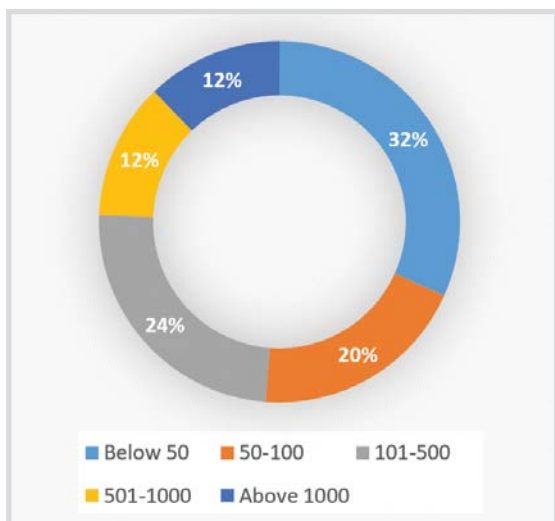


Figure 3: Enterprise size

The research team conducted a desktop review of secondary data on the status of Vietnam's human resources in the logistics industry from two official sources, namely (i) the 2018 Vietnam Logistics Report of the Ministry of Industry and Trade, and (ii) the VLA White Book 2018.

Thematic discussions were facilitated at the Forum on Human Resources Development for the Logistics Industry - Future Trend in Vietnam Nam 2019. The preliminary findings of the survey were presented to over 100 participants. According

to the preliminary findings of the survey, six themes were identified for group discussion. Comments and recommendations for the equitable and sustainable development of logistics industry human resources in Vietnam given by experts after the discussion on current status were received. These experts include senior staff of leading logistics enterprises who represent for more than 3,000 logistics enterprises across the country; lecturers of research institutions, universities and colleges in Ho Chi Minh City which is home to approximately 54% of Vietnam logistics enterprises; and mass media.

The peer review processed was done with VLA board members after the forum to clarify the data presented and determine the contents of this report. Suggestions were incorporated in the main text and the Appendix of this report.

CURRENT STATUS OF HUMAN RESOURCE IN LOGISTICS INDUSTRY IN VIETNAM



1. Logistics Staff Recruitment
2. Logistics Staff Training of Enterprises
3. Monthly Base Salary
4. Gender Equality and Workers with Disabilities in Logistics Enterprises
5. Logistics Staff Capacity Assessment
6. Future Picture of Logistics Careers



1.

LOGISTICS STAFF RECRUITMENT

Unmet demand for labor remains one of the three problem areas for logistics enterprises. According to the VLA White Book 2018, there are more than 4,000 professional logistics enterprises in Vietnam, of which 54% are in Ho Chi Minh City with huge demand for its workforce. It is projected that 200,000 professional logistics employees/workers will be required by 2030 while the supply can only meet a modest fraction of such demand, which is approximately 10% of the need. In addition, the 2018 Vietnam logistics report of the Ministry of Industry and Trade indicates that demand for logistics staff might reach 2.2 million people by 2030, if the demand of manufacturers is also taken into consideration. These facts point to the criticality and necessity of assessing logistics staff recruitment of enterprises with a view to improving capacities of logistics enterprises in Vietnam.

Recruitment is given special attention by logistics enterprises since their employees play important roles in the provision of logistics services and create core competitive values for companies.

According to the interviewed logistics enterprises, two-thirds of respondents indicated that they had an annual demand of less than 10 new logistics staff every year; the percentages for demand of more than 30 new staff was 20%. On weighted average, logistics enterprises in Ho Chi Minh City will need to recruit approximate 27,200 new staff annually.²

² The average number of new staff was calculated as following: 54% (66% x 4,000 x 10 + 20% x 4,000 x 30) = 27,216 persons

Companies recruited mostly for administrative positions and skilled workers (52%) while team leads/supervisors (25%) and mid-level management/department heads (23%).

Most of the logistics staff recruited were graduates from universities. College graduates (with vocational diplomas) were less successful in getting hired.

The top selected training institutions in Ho Chi Minh are University of Economics, University of Transport, Foreign Trade University, Vietnam National University – Ho Chi Minh City, Ho Chi Minh City Polytechnique University, College of Foreign Economy and Relations, and Ho Chi Minh College of Economics.

According to the surveyed enterprises, communication and negotiation skills, professional/technical skills and English language proficiency were given more weight in the hiring process than other criteria. In addition, many employers pay attention to the work experience and attitude, such as positive attitude, discipline of the interviewees.

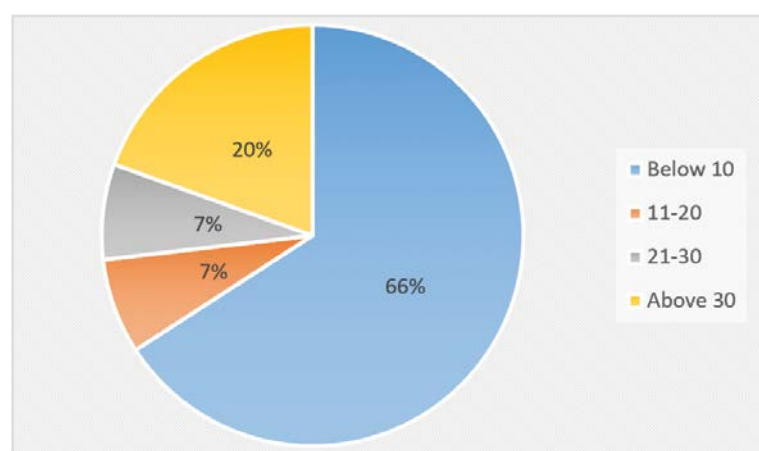


Figure 4: Demand for logistics staff

The interviews with experts showed that calculation skills are important to consider during the recruitment due to the actual requirement of these skills in the logistics industry. Information technology (IT) and computer skills are also vital given that new IT is increasingly being applied in the logistics industry. It is notable that learning results or academic achievement are not prerequisite conditions for recruitment. This means that the logistics industry pays more attention to engaging workers who have the ability to perform required job tasks and make recruitment decisions based on the performance and skills of candidates. Specific criteria will be developed for each position, for example in business development positions, professional appearance is important, discipline is required in operations positions, and patience and problem-solving are required in customer service positions.

The research team surveyed the most wanted positions of logistics enterprises to assess staffing demands and to establish reference for training institutions so as to facilitate their provision of proper and well-trained human resources to the market. The most popular recruitments, first tier, are for **customer declaration officer and freight forwarder followed by truck drivers, logistics administrative officer and warehouse operation staff** in the second tier. The third-tier positions include e-commerce sales person, online marketing staff, inventory management officer, warehouse management officer, transportation coordinator, IT staff and forklift operator. Other are value added positions such as goods quality inspectors, packaging and labeling staff and recalling staff.

Logistics positions of great demand in the next five years are

- customs declaration officer
- logistics administrative officer
- freight forwarder
- warehouse operator/warehouse supervisor
- truck driver
- e-commerce sales person
- transportation coordinator/manager
- IT staff
- Import/export

This result reflects the fact that logistics service providers are still focusing on freight forwarding and customs declaration activities. However, it should be noted that with the application of automatic customs clearance via VNACCS/VCIS, the demand for customs clearance staff in the future will decrease; positions related to new logistics services such as e-commerce sales person and last mile delivery officer will receive much more interest.

Gemadept Logistics shared its views on certain position groups in the logistics industry after the forum which have been included in the Appendix. In addition, T&M Forwarding indicated that there will be changes in the demand for freight forwarding positions due to the shift to automatic customs declaration mechanisms.

Appropriate methods of recruitment are important for enterprises to engage the most suitable staff, to ensure timely recruitment and to save costs. According to the respondents, the most popular method of recruitment is via recruitment websites (such as Vietnamworks, Careerbuilder, Careerlink, etc.). The second most popular method is through an enterprise's social networks and referrals. Other methods of recruitment including enterprise cooperation with training institutions, recruitment expos organized at training institutions or in some case, placing advertisements at the



company's gate. The assessment shows that logistics enterprises should formulate long term recruitment strategies and cooperate with training institutions to guide them through industry-led training courses to ensure the quality of candidates recruited as well as becoming reliable counterparts for training institutions. Due to these efforts, training institutions should no longer conduct massive trainings without targeting the real demands of enterprises. In addition, a direct relationship between labour demand and supply can be created when enterprises have access to the pool of candidates from training institutions who have received high quality, job-specific, targeting training. Enterprises are then able to save costs on retraining activities which they would otherwise have to incur when engaging staff from a broader range of sources.

2. STAFF TRAINING OF ENTERPRISES



Enterprises are paying more and more attention to the need to provide regular, short-term trainings for their staff to provide opportunities for staff to update their skills and discuss and exchange professional knowledge and experience. Thus, they are focusing on holding internal trainings and sending staff to short-term trainings provided by other entities. The training of new logistics staff lasts for 6 - 8 weeks (according to 37% of the respondents), less than four weeks (27% of the respondents), three months (17% of the respondents) and more than four months (more than 15% of the respondents). It was shared by enterprises that new staff are provided with orientation and work-related trainings. Recurrent and professional development trainings are also provided during their employment to ensure the competency of logistics staff, as illustrated in Figure 5 below. This means that there are opportunities for training institutions to provide short-courses (less than 8 weeks) for new and existing staff of logistics companies.

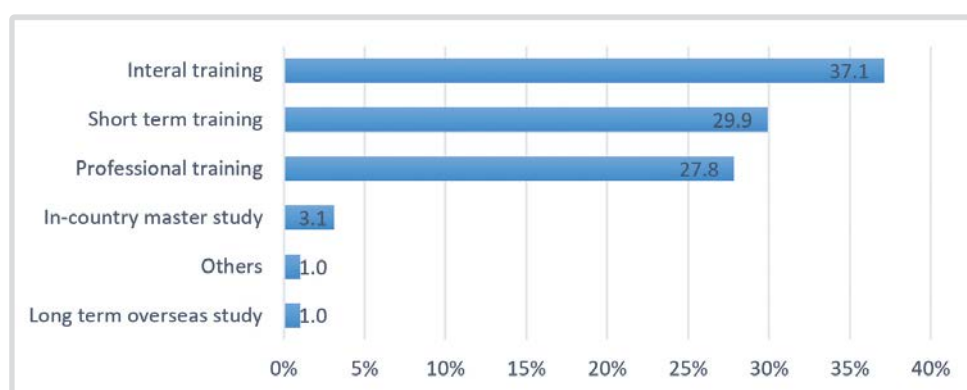


Figure 5: Trainings provided by enterprises



Induction is quite important and necessary for enterprises. However, budgets earmarked for such activities are modest. 51.2% of the enterprises allocate less than 50 million VND for this activity annually; 12.2% of enterprises allocate between 50 to 100 million VND, 250 to less than 500 million VND or more than 500 million VND for this activity. 5% of respondents spend 100 - less than 250 million VND on this activity, and 7.3% of respondents indicated that they do not allocate any budget for induction training activities. This is a paradox since enterprises often complain that the quality of newly recruited staff is poor, and that they have to retrain them. Limited budgets devoted to induction training activities begs the question of whether enterprises really care to invest in their staff's human resource development.

However, during the induction period, companies still must pay the base salary for newly recruited staff. On average, induction for a newly recruited worker can be from

four to six weeks for a VET/ university graduate with no work experience. If the base salary of each new staff is 5 million VND, then the cost for induction increase 5 to 7.5 million VND per person. This means the costs for staff training is much higher than the budget allocated illustrated in Figure 6.

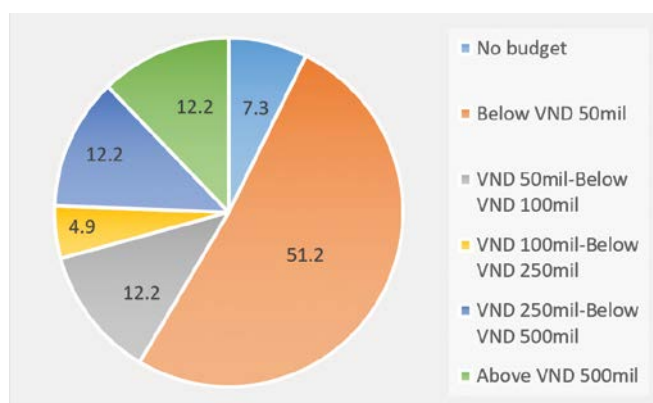


Figure 6: Budget allocated for staff training

3. MONTHLY BASE SALARY



Salary and bonus are key issues of importance to job candidates, ahead of the position, working conditions and employer's requirements. The logistics industry offers a wide range of occupational positions including warehouse operator, freight forwarding, sales person, truck driver, forklift operator, customs declaration staff, transportation coordinator, etc. According to Figure 7, a majority of respondents (75.6%) indicated that they offer new industry entrants (i.e. staff with less than one-year-experience) a base salary of 5 million to less than 7 million VND per month. 22% of respondents indicated that they pay new entrants 8 million to 10 million VND per month.

Figure 8 illustrates the weighted average base salary levels for each entrant level. All the positions get paid from 6 million to 8 million VND per month on average, excluding truck drivers has a slightly higher average monthly base salary. In general, base salaries

of inexperienced logistics staff is not high. It can be justified that enterprises must provide re-trainings for newly recruited and inexperience staff at their cost and time. Besides, most of logistics enterprises are small and medium, therefore, the entrant salary level is viewed as suitable. This means the labour market does not reflect the investment of VET colleges/universities and their graduates for those listed occupations. According to the survey, the professional/technical skills and English language proficiency were given more weight in the hiring process than

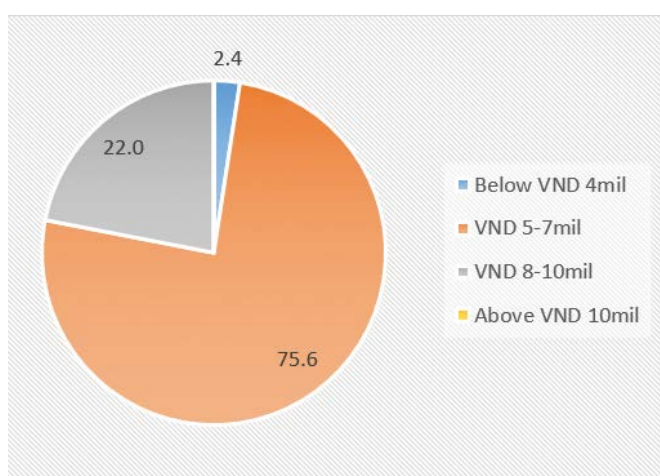


Figure 7. Monthly base salary of new industry entrants



other recruitment criteria. However, a newly VET graduates with a diploma in warehouse operation with good English skills would find the base salary of 7 million per month unattractive. Also, while the monthly salary for a new forklift operator is higher than monthly salary for a warehouse operator, the time taken to complete a VET qualification on warehouse operator (which is 18 to 30 months) is much longer than that of a forklift operator (which

is less than 12 months). However, it's attractive to enter the logistics industry due to the ample employment opportunities in this growing global industry.

Logistics staff with more than three years of experience enjoy a significant increase in salary to 11 million and for some positions, to more than 15 million per month (i.e. warehouse operators, stevedoring staff, custom clearance and truck/container driver). This is understandable since they would have made certain contributions to the development and success of the enterprises and accumulated work experience during their employment

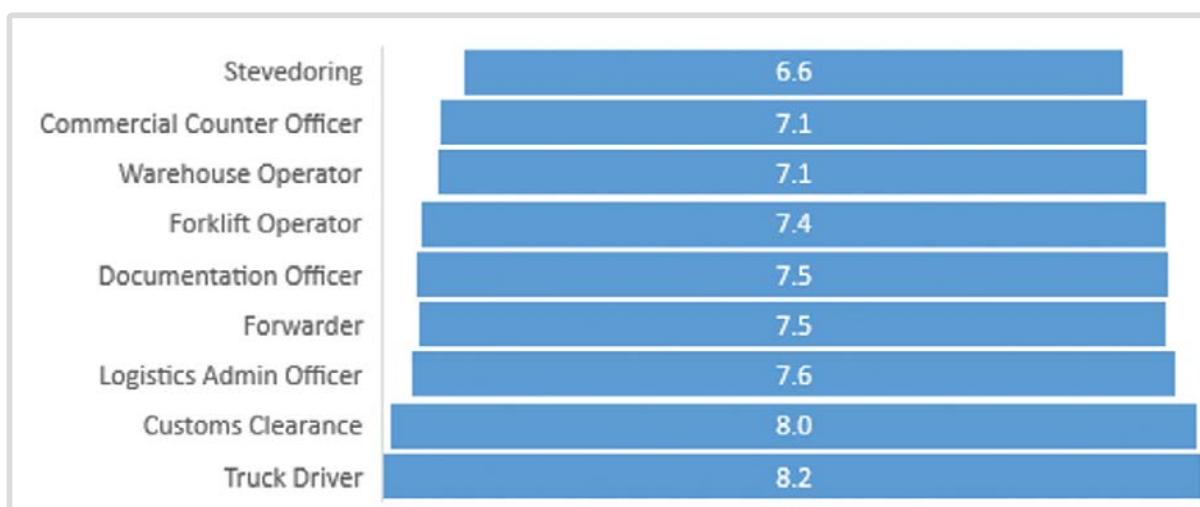


Figure 8. Monthly base salaries of new industry entrants (less than one-year work experience) (Million VND)

4.

GENDER EQUALITY AND WORKERS WITH DISABILITIES IN LOGISTICS ENTERPRISES

Gender equality is not only an issue in the logistics industry. Women have limited opportunities to find jobs due to various reasons: (i) persistent social perceptions that women should only do housework and light work; (ii) perceptions that women need to take leaves often due to their health conditions and maternity, and less time to devote to work since they are responsible for child care before and after school; and (iii) parents' perceptions that logistics positions such as truck driver, goods handling staff, freight forwarding officer, etc. are men's work. Nowadays, female employees are important workers in Vietnam, particularly in the sectors requiring flexibility, delicacy, carefulness, sensitiveness. Female employees in logistics sector regularly excel at job positions that involve inter-personal communication, money transactions, documentation, goods counting and pick-up/delivery, and warehouse management.

According to the survey, female employees often are hired positions such as logistics administrators, customs declaration, e-commerce sales persons, inventory managers, online marketing officers, and freight forwarders.

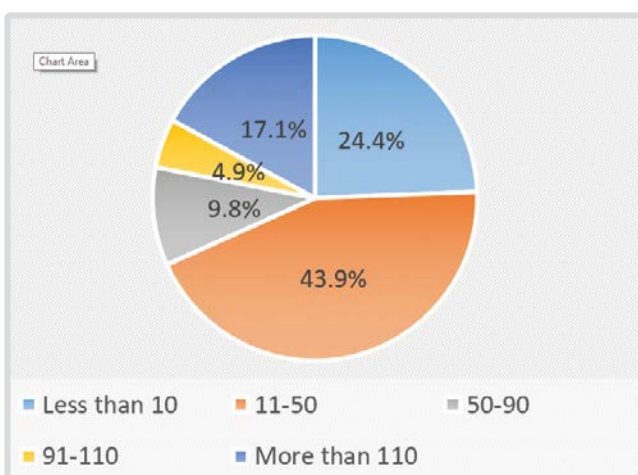


Figure 9. Number of female employees

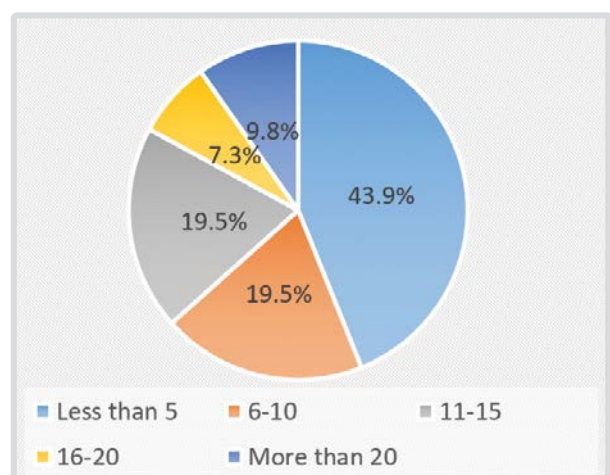


Figure 10. Number of female managers

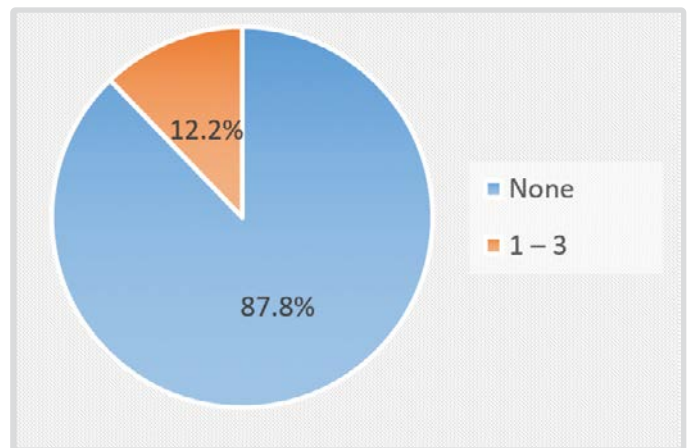


Figure 11. Number of employees with disabilities

Figure 9 reveals that 68% of respondents have from less than 50 female workers. Enterprises having 71 to 90 or 91 to 110 female workers account for less than 5% of the respondents. Of the enterprises mentioned above, Figure 10 shows that almost half (44%) of the respondents have less than five female managers. Only 10% of respondents have more than 20 female managers. Hence it can be seen that the percentage of female managers in the logistics industry is very low. The survey results confirmed that logistics is a male dominance industry.

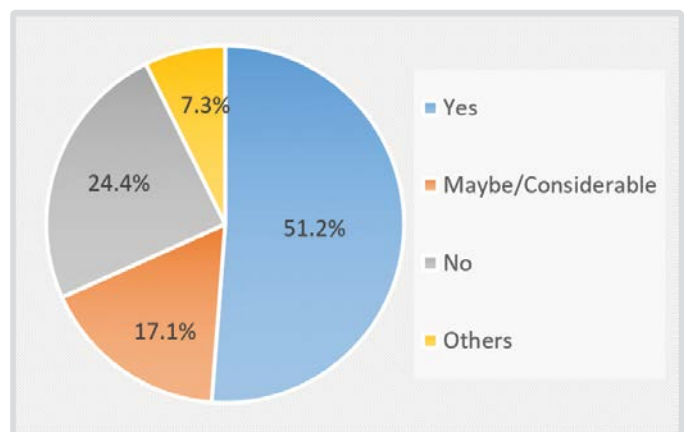


Figure 12. Willingness to engage workers with disabilities

People with disabilities are excluded from the logistics industry, as illustrated by the fact that 87.8% of the surveyed enterprises do not employ any disabled workers. Only 12.2% of respondents said that they employ very few people with disabilities (1 to 3 people) (see Figure 11). According to the surveyed enterprises, job positions suitable for disabled workers are IT, administrative and documentation staff. 51.2% of respondents said that they are willing to employ disabled workers; however, they also indicated that they need to assess the disabilities and assign suitable positions to them. More than 40% of surveyed enterprises stated that they will consider carefully or refuse to employ disabled people (See Figure 12). Reasons given included improper infrastructure to accommodate disabled people (for example, offices located in high-rise buildings without elevators, or physically demanding work requiring frequent travel or communication).

5. LOGISTICS STAFF CAPACITY ASSESSMENT

Staff assessment is indispensable to enterprises and is crucial for staff performance management. Assessing staff and providing them with feedback on such assessments helps staff to understand expected outcomes and identify future professional development objectives. Good staff assessments should address an employee's knowledge, skills, working attitude and potential value to the enterprise. Competent staff working in positions to which they are well suited and trained and working in favourable enabling conditions will be productive and provide enterprises with good value. Staff assessment can also provide a basis for planning of human resource development (planning of staff training and development, position changes, work assigning, etc.) and supports the company's projection on fulfillment of individual employee's tasks and the organization's objectives. Staff assessments also provide the basis for performance-based salaries.

The VLA White Book 2018 showed that more than 45% of staff in logistics enterprises had good qualifications and working experience; 41% were fairly good at IT and foreign languages; however only 29% were IT and foreign language proficient. 29.5% of staff were classified as having good ability to work in international environments, while 33.6% of staff were considered as having fair abilities in the same category. The industry's soft skills span over a wide list, including negotiation for logistics contract finalization, drafting of documents, working in groups, problem-solving, etc. These abilities were assessed at good level and consistent for 38% of staff surveyed.

Although Vietnam has human resource advantages due to its large and relatively young population, skill quality does not meet the demands of the labor market in the integrated global economy, resulting in weak competitiveness of Vietnam's logistics enterprises.

Another factor is that the logistics is still an 'invisible' industry, it has not yet attracted the interests of young workforce nor talented professional to have their careers in this industry. The popular perception of jobs in logistics industry is most manual labor. Therefore, this shows the importance of raising awareness on different career opportunities available in the sector amongst majority of parents and workers, especially those in rural areas.



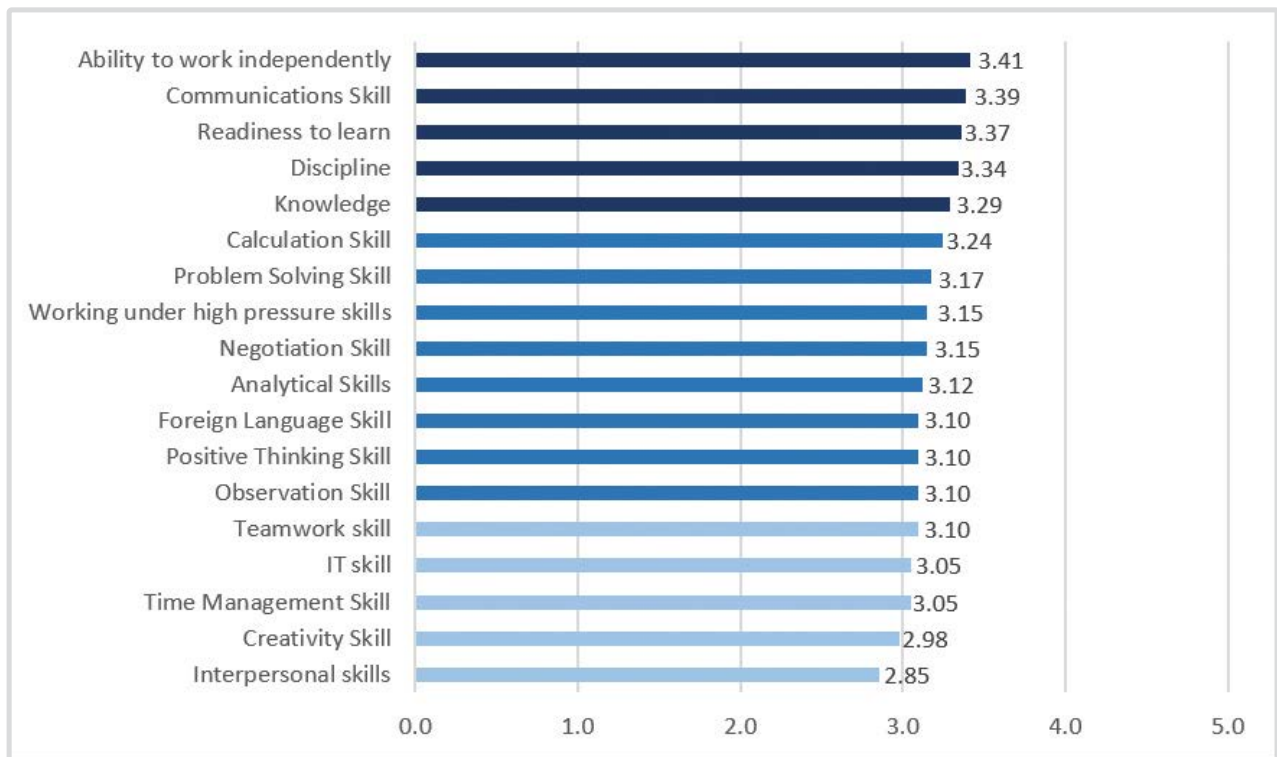


Figure 13. Assessment of human resources in the logistics industry by enterprises

In this survey, the highest score (3.41³) was given by enterprises to staff who are able to work independently. The second top scores were given for communication, readiness to learn and discipline. Knowledge [technical] and calculation skills took the fifth and sixth positions respectively; followed by analytical, problem-solving and working under high pressure skills. The lowest score was on interpersonal skills at 2.85 points (see Figure 13). This data indicates that staffs in the logistic industry lack soft skills. This is an issue requiring attention of training institutions who should teach practical occupational skills to students in additional to professional skills. Special attention should be paid to equip students with essential skills required in the logistics sector such as calculation, case resolution, claim handling, etc. to ultimately help logistics enterprises to meet the need of their customers.

In the survey, 90.2% of enterprises said that they conduct staff assessments. This rate reflects a strong awareness by logistics enterprises of the need to regularly assess staff since they are the “core” element that decides the successful development of any enterprise regardless of sector. Therefore, performance and capacity assessment should be conducted for each staff in a transparent, methodical and detailed manner to help them address weaknesses, use strengths, and improve professional skills to benefit not only themselves but the enterprise. It should also be noted that some enterprises do not appreciate employee assessment since 10.8% of the surveyed enterprises does not conduct staff assessment.

³ In the scale of 1 to 5, 1 is very poor and 5 is good.

6.

FUTURE PICTURE OF LOGISTICS CAREERS

Occupational training institutions do collaborate with enterprises in their activities; however, cooperation to date has generally been limited to sending students for internship at enterprises. Figure 14 shows different types of support provided by enterprises to training institutions. In response to the multiple-choice question posed to enterprises on the support given to develop human resources in the logistics sector, 91.9% of respondents indicated that they provide internships to students. 43.2% of respondents indicated that they participate in job orientation sessions, and 37.8% of respondents indicated that they provide input on the development of training programs by training institutions. In addition, 24.3% of respondents stated that they cooperate with training institutions by providing guest speakers at trainings. Interestingly, workplace training is not included as a way to support training delivery. This poses a challenge for VET providers in providing practical sessions and access to up-to-date facilities and technologies of the industry.

According to the survey, the main obstacle hindering the number of internships available for students at enterprises is insufficient trainers/mentors at the enterprise to accompany students. Other reasons include inadequate facilities, costs associated with hosting interns and negative impacts on the enterprise's activities (12% to 20% of the respondents). Differing expectations of internship between students and enterprises also poses a challenge. For example, some respondents noted most interns ask for company information to include in their internship report when requesting an internship (an important requirement of training

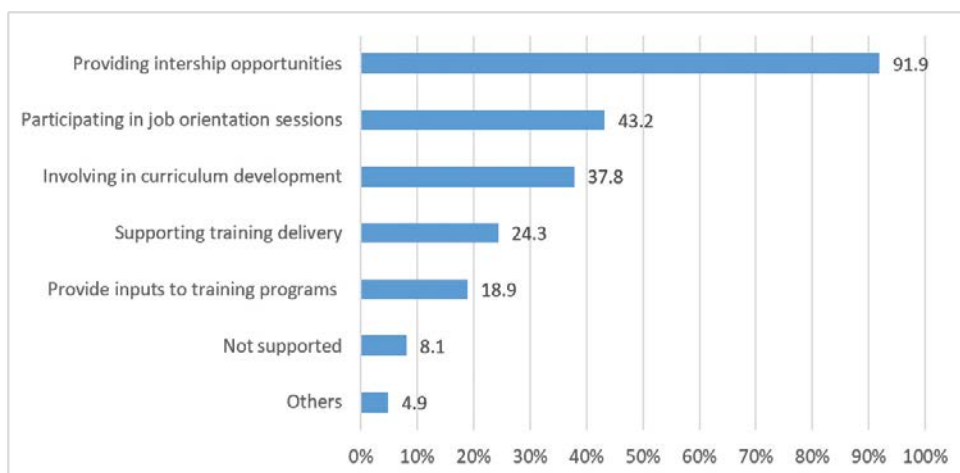


Figure 14. Enterprise support to training institutions

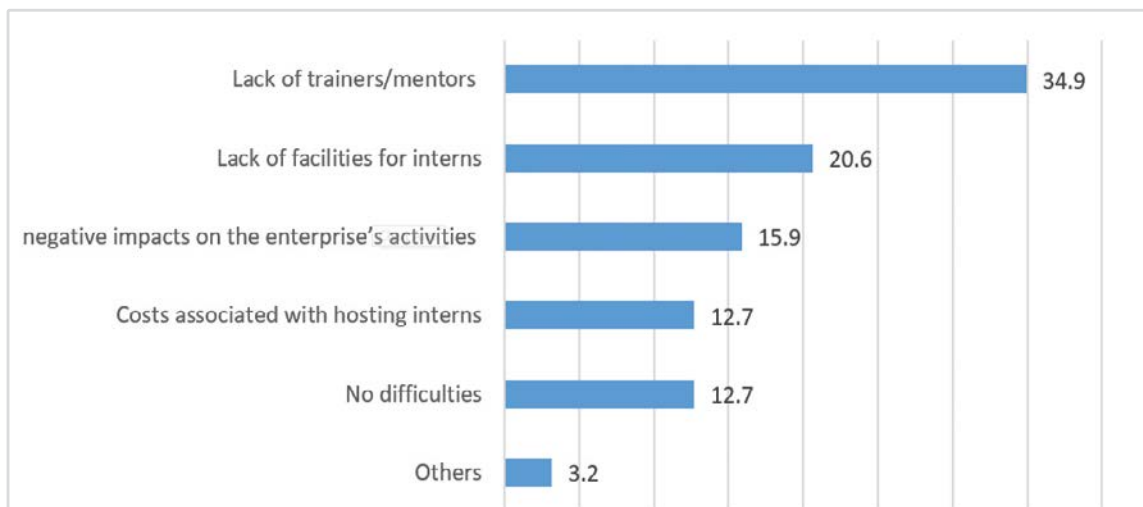
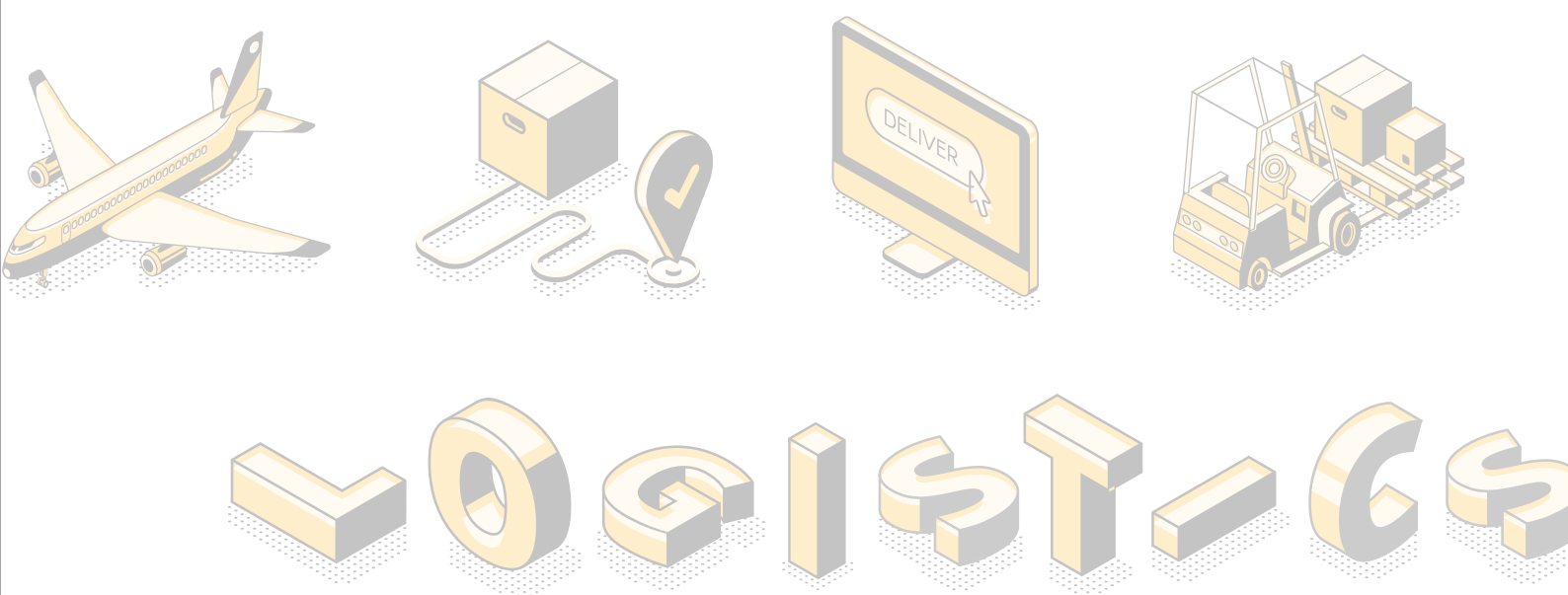


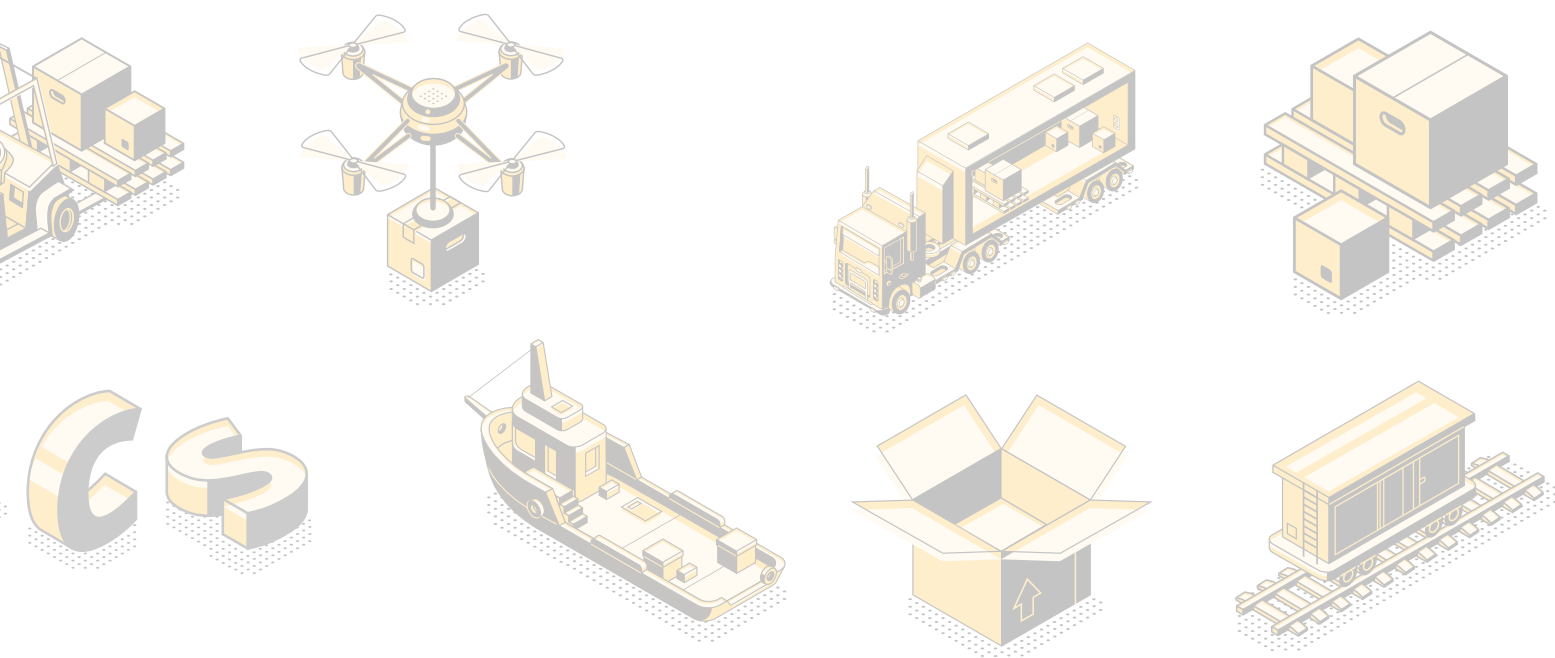
Figure 15. Difficulties in providing internship/ apprenticeships for students

institutions to ensure that students are actually exposed to an enterprise's operations). Enterprises, however, are hesitant to provide such information which they view as confidential. This is an obstacle to the voluntary support offered by enterprises in providing internships. From another aspect, most logistics enterprises in Vietnam are small and micro scale enterprises with no additional staff on hand to directly guide or mentor interns. Staff who are assigned to supervise interns must then take on that assignment in addition to their regular work duties. However, many enterprises do plan to receive interns and assign staff to mentor/supervise the intern. According to the survey, about 12% of the respondents stated that they don't have any issue in receiving interns (see Figure 15).



About one third of the surveyed enterprises feel that they should be given priority to recruit graduates from the training institutions with which they are collaborating. However, this depends heavily on the depth of the relationship/partnership between the two entities. This is one of key the obstacles to collaboration between enterprises and training institutions. Nearly 30% of surveyed enterprises indicated that the GoV should develop policies which incentivise enterprises to be actively engaged in the industry's human resource development, while 23.3% indicated that training institutions should sign long-term contracts with and pay for the training costs of interns on behalf of enterprises to ensure efficient cooperation. Consistent policies and mechanisms have not been in place in Vietnam to encourage responsible cooperation between the enterprises and training institutions.

Surveyed enterprises believe that responsibilities should be shared equally between entities involved in human resources training and development, i.e. between government authorities (e.g. Ministry of Education and Training, Ministry of Labour, Invalids and Social Affairs and Ministry of Industry and Trade), enterprises (VLA, logistics enterprises), and training institutions (universities and colleges). The problem is how to harmonize such a relationship to ensure accountability, efficiency and coherence.



Responsible collaboration should therefore be established to strengthen the responsible cooperation between the enterprises and institutions. There is a critical need to have an engagement mechanism to ensure that industry is at the centre of the VET system. For example, there is an intermediate organization such as the pilot LIRC⁴, established since December 2017, under the cooperation agreements amongst Aus4Skills, DVET, and VCCI - Ho Chi Minh branch. The LIRC was set up and maintained based on the most recent experience of the Australian Transport and Logistics Industry Reference Committee. The LIRC is like a Logistics Skills Council. It provides a conduit for industry feedback to government on industry trends and for promotion of VET to employers and creates linkages between these parties with clear regulations on their rights and responsibilities in improving the quality of training human resource for logistics industry.

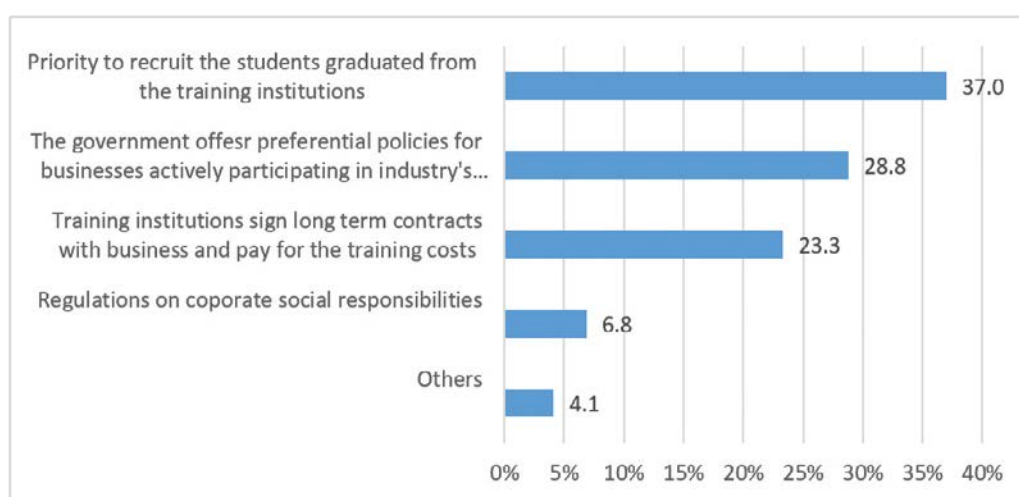


Figure 16. Solutions to reinforce cooperation with training institutions on human resource development for logistics industry

⁴ As of date, there are 18 members in the LIRC, which involve cross sectoral participation of the Directorate of Vocational Education and Training (national agency that oversees VET), Ho Chi Minh City DOLISA (oversee VET in the project province), industry sector representatives, peak bodies (VLA), and VET institutions. VCCI Ho Chi Minh City provides secretariat functions to the LIRC.

RECOMMENDATIONS FOR DEVELOPING THE WORKFORCE FOR THE LOGISTICS INDUSTRY IN VIETNAM



1. Recruitment
2. Enterprise Workforce Planning
3. Worker Retention
4. Gender Equality and Social Inclusion
5. Preparing the workforce for the fourth industrial revolution
6. Occupational standards and occupational skills standards

1.

RECRUITMENTS

In order to improve the efficiency of recruitment, it is necessary to accurately forecast trends in logistics services and determine employment demand of enterprises. Forecasting is not only helpful for logistics enterprises in assessing their own human resources, but also enables training institutions to make well-founded enrollment decisions and provide training that meets the labor market's requirements. To this end, enterprises and training institutions should establish a formal, recognized cooperative relationship linking the interest of both parties in determining bilateral cooperation programs and giving career guidance to students. Enterprises should commit to providing internships and jobs for students after graduation while training institutions should ensure participation of enterprises in training activities so that enterprises do not have to re-train or up-skill graduates once they have been recruited.

In addition to enterprises participating in trainings and sharing their knowledge to improve qualifications of new staff, it is urgent to officially formally adopt and promote the OS/OSS⁵ of Vietnam so that these standards can form the basis for future trainings offered by training institutions. Currently training institutions develop standards for graduates independently according to their own strengths and expertise, but the lack of unified standards makes it difficult to assess the skills of logistics graduates in a consistent manner.

2.

ENTERPRISE WORKFORCE PLANNING

The GoV is starting to pay greater attention to logistics human resource training, as reflected in the issuance of various policies. It is notable that Decision No.200/QĐ-TTg of the Prime Minister specifies six groups of tasks, in which the task of “training, raising awareness and human resources quality” focuses on promoting logistics training at the undergraduate level, improving the quantity and quality of lecturers on logistics and connecting Viet Nam training institutions and logistics enterprises with foreign training institutions. Circular No. 24/2017/TT-BGDĐT dated October 10, 2017 promulgates level-four classification of education and training at the bachelor's degree level, including a logistics training course code. Circular No. 06/2019/TT-BLĐTBXH adds training courses to the list of level-four classification of

⁵ The Occupational Standards (OS) describe what a person in an occupation needs to know and be able to do. The OS acts as a reference point for industry and colleges to understand the role that is covered and the general responsibilities. The Occupational Skills Standards (OSS) describe the skills and knowledge required to perform the described job. The OS/OSSs are the minimum acceptable standards required

education and training at the VET degree level, promulgated with the Circular No.04/2017/TT-BLDTBXH dated May 2, 2017. Thus, we can see that policies on improving training and human resource capacity in the logistics sector are in place. However, training institutions must have a clear basis on which to develop trainings (i.e. agreed OS and OSS for the logistics industry in Vietnam which are endorsed by industry and issued formally by the GoV) so that they can perform the tasks set out for them under the above mentioned regulations and meet the demands of Viet Nam logistics service industry. These OS and OSS need to be reviewed and updated regularly. In addition, it is necessary for the GoV to add logistics to the occupation list as per requested in Official Document No.346/TCGDNN-KNN dated March 7, 2019.

The lack of training resources (i.e. lecturers, teachers, trainers) and the concentration of such resources in big cities requires the Government's attention. Investment in developing a logistics E-learning platform which will allow for wider dissemination of learning materials and lectures, more interaction between lecturers and learners, and training institutions and enterprises, and more e-learning opportunities, in line with the evolution of an open economy.

Another effective solution is that enterprises should participate more actively in training programs to provide insights on developments in the logistics industry, welcome more interns and contribute to improve the efficiency of mutual cooperation. Training institutions should also take an active role in tailoring programs to meet enterprises' needs, invite lecturers from enterprises and adjust the internship period to suit enterprises. A representative from the Agency of Foreign Trade, Ministry of Industry and Trade also stated that while re-training new employees is popular, enterprises and training institutions should collaborate with each other so that re-training is done to meet enterprises' demands so as to ensure that students acquire the professionalism and practice skills required for specific jobs. In addition, technological development also requires adjustments in training to ensure that staff are capable of mastering and applying technologies in their work.

A representative from Ho Chi Minh City Department of Industry and Trade also expressed at the Forum that state management authorities should be provided with logistics training courses to improve their understanding in this field.

In addition, logistics skills forecasting should be prioritised to ensure a compatible supply – demand relationship. It should be acknowledged that certain occupations will be phased out and new jobs will be generated in the fourth industrial revolution (such as e-logistics), therefore a long-term vision that is aligned with future trends is required.

Harmonized, responsible and benefit-sharing coordination amongst Government authorities, enterprises and training institutions should be established to significantly enhance the quality of human resource training in logistics in Viet Nam. A representative of the Ho Chi Minh City Department of Industry and Trade suggested that there is a need for a ‘conductor’ for logistics activity coordination.

3.

WORKER RETENTION

Logistics human resource retention solutions relate to salary, bonus and benefits packages. Accordingly, logistics enterprises should increase the minimum base salary in accordance with market prices, the required competency and skills needed for the jobs and in consultation with State regulation, while taking into consideration an employee’s experience and working years of service. In addition, enterprises should ensure welfare for their employees in accordance with the applicable Labor Code. Annual salary increases should be carried out based on the company’s performance and key performance indicators of the employee, and a 13th month salary should be provided as is common practice in Vietnam. Timely monthly, quarterly bonus as well as bonus for good productivity are initiatives that are beneficial for enterprises to promote employee excitement and creativity.

In addition to remuneration and welfare policies, there are also many other suitable solutions which form part of the enterprise’s business culture and promote enthusiasm and long-term contribution of employees to the enterprises. These include activities which create a safe and friendly working environment and team building events to strengthen the staff’s relationship and assist managers and leaders in understanding the opinions and perspectives of their staff. On the other hand, enterprises should develop a clear promotion road map for each position, such as providing insurance packages for managers or excellent employees as a way to reward good performance. Another solution that contributes to retaining staff is to provide them with opportunities to attend training courses so that they can improve their skills and qualifications.

4.

GENDER EQUALITY AND SOCIAL INCLUSION

Gender equality and social inclusion are issues of concern, requiring the coordination and efforts of all society members including the State, enterprises, training institutions, families and individuals.

The GoV should specify mechanisms to encourage enterprises to support and engage disabled workers in national legislation and regulation on logistics activities. The Government takes the leading role in guiding the creation of employment opportunities exclusively for disabled people and is also involved in developing simulations for them to demonstrate their capacities so that enterprises can find the right person to meet their labour demands. The Government should promote the roles of associations such as the Disabled People's Association, the Vietnam Women's Union, etc. by regularly organising meetings with these bodies, and encouraging the presence of women and people with disabilities who are successful in the logistics field to speak about their experiences.

Enterprises should create favorable conditions for women and disabled people, both in terms of physical accommodations and a positive work culture. They can provide reasonable accommodations such as specialised equipment and accessible facilities so that employees can work conveniently at the work place or remotely (such as at home) and incentives to encourage female and workers with disabilities work more effectively.

Training institutions should provide clear and detailed career consultancy services to students pursuing logistics careers. In the case of disabled students, the training institutions should support them to attend inclusive training programs/schools instead of designing specialized training programs with appropriate support programs. Further communication is helpful to remove negative perceptions of women and disabled people in the logistics field.

5.

PREPARING THE WORKFORCE FOR THE FOURTH INDUSTRIAL REVOLUTION

Improving competencies of logistics human resources in the fourth industrial revolution requires cooperation amongst stakeholders. The support of the Aus4Skills Program that has been made possible through funding from the Australia Government has helped Viet Nam

to improve the qualification and skills of VET graduates in the logistics sector, in support of Vietnam's sustainable socio-economic development. The VLA is one of the key bodies in international cooperation promotion, career and skills counselling for state agencies and human resource development strategies and international standard training programs. State management agencies is responsible to promote and support quality logistics training and VET colleges to offer logistics related qualifications as well as issue regulation allowing training intuitions to expand their career training codes.

The GoV should consider developing an e-learning platform and provide subsidies for enterprises to partially fund their staff skill-trainings. Training institutions should be active in designing the training programs in accordance with regulated outcome standards; at the same time, continuously enhance their lecturer's quality, update teaching materials to satisfy market demand and invest in infrastructure to meet teaching and hands-on skill building requirements.

Training institutions also need to establish a close relationship with enterprises and set clear expectations on the involvement of enterprises in providing expertise in developing and delivering training programs and providing internship support. Cooperation between training institutions and enterprises should also take place in organizing professional and recurrent/induction training mechanisms, document and infrastructure sharing, provision of forecasts on logistics human resources demand and staff policies to facilitate the training adjustments to meet the demand of the labor market.

Therefore, the following five main solutions should be implemented to improve the competencies of logistics human resources in the context of the fourth industrial revolution in Viet Nam.

Firstly, training institutions should sign strategic contracts with logistics enterprises to develop human resources, especially high-quality human resources in the current context which requires regular changes and adjustments to training activities so as to improve graduates' skill quality and to meet the skill demands of enterprises.

Secondly, it is necessary to improve skills forecasting in the short and long term. This is an issue requiring special attention because the fourth industrial revolution will have a great impact on Vietnam's economy and may result in the decrease or complete disappearance of certain occupations in the future.

Thirdly, three main stakeholders in human resource development: government, training institutions, enterprises, should follow the principles of responsibility - sharing for equitable and sustainable development.

Fourthly, it is necessary to raise social awareness on the benefits of vocational training. One of the key solutions is to promote vocational training in a way that changes people's negative perceptions of vocational training as compared to university studies.

Fifthly, learners should be active in choosing their career pathway, in studying and practicing newly acquired skills, with attention to improvement of communication and foreign language skills.

6.

OCCUPATIONAL STANDARDS AND OCCUPATIONAL SKILLS STANDARDS

VLA representative stressed that VLA should coordinate with stakeholders including the pilot LIRC to kick-off the development of logistics OS/OSS with reference to documents of UNESCAP or FIATA to mainstream the trend.

A representative of the General Directorate of Vocational Training (MOLISA) also affirmed that government authorities are ready to support the development of logistics occupational skills standards. However, it is necessary that VLA and VCCI propose new positions as required by sectors to facilitate the coordination of the standard formulation of the government authorities.

In the past two years, the LIRC has validated five OS/OSS in logistics (i.e. logistics administrative officer, warehouse operator, warehouse supervisor, freight forwarder, and material handling operator (forklift operator)). However, there will be changes in logistics occupational positions, with some positions disappearing and others emerging. A comprehensive solution on developing OS/OSS for the logistics industry (covering all positions from staff to manager levels) is required. In order for this to take place, it is necessary for the LIRC to be legally recognized by the GoV and relevant authorities to provide a sufficient legal basis to popularize the OS/OSS.

Close connection between enterprises and training institutions in developing dual training program in enterprises and schools based on these approved occupational standards and occupational skills standards is necessary for students to be equipped with proper knowledge and skills when they are graduated.

The GoV should introduce incentives for enterprises to participate actively in delivering qualifications once the relevant OS/OSS endorsed and approved, with a particular focus on involving small and medium enterprises in such processes. In addition, training institutions should be active in contacting enterprises to introduce and apply adopted OS/OSS in their enterprises.

Coordination between training institutions and enterprises is critical. Training institutions focus on providing the students with background knowledge and basic skills and support them to understand actual operation of enterprises so that the students can link the theory with practice.

CONCLUSION

The fourth industrial revolution has brought about new logistics services which require better human resources with higher quality and creativity. It is necessary for VLA, LIRC and DVET to consult with national industry experts and international experts, especially from Australia, to be a leader in developing OS/OSS. Through an industry-led coordinating mechanism, the priority OS/OSS can be developed, updated and validated in cooperate with internal and external institutions, enterprises and training institutions to ensure that they are relevant, and which meet the demands of human resources in the logistics industry in Vietnam.

In addition, the trends of international integration of logistics enterprises and training program standardisation point to the need to introduce international standard VET qualifications and international standard training programs such as FIATA Diploma Logistics (FD) Training Program or FIATA Higher Diploma Supply Chain (FHD) Program in Vietnam. These two training programs are currently being implemented by the International Federation of Freight Forwarders Associations - FIATA and in the near future, the logistics training program for ASEAN countries (AFFA) will also be authorized, via the VLA, to carry out this training in Viet Nam. This provides opportunities for higher education institutions to consider integrating FD and FHD programs into their curricula so that students can receive international certificates to increase their opportunity of entering the regional labor market.

Stanley Lim, President of Singapore Logistics Association, Chairman of FIATA Congress Committee, shared at the forum that “schools should aim to adjust their training methods to deliver new knowledge, skills and technologies (such as robot & drone, big data, etc.) that are necessary for learners and focus on “tailor-made” training in accordance with actual demand of enterprises and there is a need to develop “Talent pool in logistics” model which involves supports from stakeholders (for instance, in Singapore case, 90% of tuition fee for “Talent pool in logistics” is supported by the Government with another 10% paid by enterprises and in that way, they create the life-long learning opportunity for human resources in logistics industry, thereby improves quality and competencies of logistics human resources in Singapore).

Professor Devinder Grewal of Australian Industry Standards, drawing from Australia’s experience, stated that “The training of human resources in logistics in Viet Nam should be a long-term journey with short-term but steady step; training and education system and logistics industry should come close together to ensure compatibility between training results and recruitment needs; the role of logistics enterprises representing organizations is critical in connecting with state management agencies, facilitating the cooperation between enterprises and state agencies with logistics vocational and occupational training”.

From the experience and recommendations provided by international representatives and opinion shared by delegates attending the forum, it is clear that to develop skills workforce for the Viet Nam logistics field intensively and extensively, the three stakeholders “Government – Training institutions - Enterprises” must join hands and work in close cooperation with international and regional organizations such as Aus4Skills and society.

APPENDIX: OCCUPATIONS/JOB POSITIONS IN LOGISTICS COMPANIES (referred from Gemadept Logistics Corporation)

A. THIRD-PARTY LOGISTICS (3PL) COMPANY

❖ 1. OPERATION TEAM

a. Warehouse

- Warehouse manager & supervisor
- Warehouse operation staff (tally, picker – able to operate forklift/PPT)
- Administrative staff (data)
- Customer services staff
- Reach truck operator
- Worker (loading and unloading, stamp, value-added services, etc.)

b. Transportation

- Driver (truck/container)
- Driver assistant
- Coordinator (daily transport arrangement and vendor contact)
- Moderator (solve issues on site, work with warehouse staff to keep transportation plan running)
- Customer services staff

c. Freight forwarding

- Sale support/customer services (book freight with ship/airplane carriers and customer services)
- Document controller (create bill, customer notice)

d. Customs procedures

- Import & export staff (carry out customs procedures)
- Customer services staff (contact customers for proper shipment)

❖ 2. SUPPORTING TEAM

a. Sales

- Sales Manager - Sales Staff
- Sales supporter/Customer services staff

b. Solution

- Operation solution for customers
- IT Solution
- Quality Assurance

c. Procurement

- Procurement Manager
- Procurement Staff

d. Business

- Billing clerk
- Internal auditor

e. Legal

f. Accountant

- Chief Accountant
- Accountant

B. TWO-PARTY (2PL) COMPANY

- Positions are similar to those of 3PL COMPANY, however the scope and liability can be different

C. MANUFACTURERS

- It would be similar to 3PL COMPANY for self-operated units



Disclaimer

This publication has been funded by the Australian Government through the Department of Foreign Affairs and Trade. The views expressed in this publication are the authors alone and are not necessarily the views of the Australian Government.