

## Factors Affecting Human Resources Logistic Industry

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**Abstract:** Vietnam is one of four Southeast Asian countries with great potential in developing both infrastructure and logistics systems. On February 14, 2017, the Prime Minister signed Decision No. 200/QĐ-TTg promulgating the Action Plan to improve competitiveness and develop Vietnam's logistics services until 2025, expressing the concern of the Government for a very important sector of the economy. The study shows that human resources are the most difficult problem of the Logistics industry today, due to its rapid development, the human resources of this industry are both lacking and of poor quality. On the basis of surveying the current status of human resources in the logistics industry, the article proposes solutions to develop human resources to help improve the competitiveness of Vietnam's Logistics in the global service chain.

**Keywords:** Logistics, Vietnam, human resources logistics, development strategy.

### INTRODUCTION

In the global outsourcing trend, large business groups use outsourced services, which will have a strong impact on increasing demand and developing services [1]. On the other hand, with the advantage of being on the axis of maritime exchange, Vietnam hopes to become a hub for international sea freight transport, connecting many directions from markets with many populous countries.

Due to the hot development, the human resources supplying the logistics market in Vietnam is now in a serious shortage. Almost all workshops related to this field assessed that skilled labor is lacking in both quantity and quality [2]. Although 3PLs have been developed (providing third party logistics services or contract logistics) in recent years, the vast majority of domestic firms still have many gaps with foreign firms in terms of prestige on the marketplace, customer service. One of the reasons leading to such a situation, in addition to weak technology, is the low level of logistics skills and the professionalism of human resources in the industry.

According to information from the Vietnam Logistics Research and Development Institute, in the next 3 years, the average logistics service business needs 18,000 more employees; production, trade and service enterprises need over one million personnel with logistics expertise. According to estimates of the Vietnam Logistics and Logistics Association (VIFFAS), about 140 member companies now have a total of about 4,000 employees [3, 4]. This is a professional force, not to mention about 4,000 - 5,000 professional sellers.

Also according to VIFFAS, the labor supply source for the logistics industry only meet about 40% of the demand. Logistics and logistics operations are highly professional technology, so human resources operating in this field need to be systematically trained and equipped with the same knowledge as international forwarders. But in fact, most logistics service companies in Vietnam today affirm the shortage of highly qualified human resources.

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Current human resources are trained from many different sources. The management team is usually the key staff who are dispatched to the logistics companies. This team is being trained and re-trained to meet management needs. Most of them lack business knowledge and experience, are rarely updated with new knowledge, leadership, and management style has not met the requirements.

Most of the professional staff graduated from university, but from majors other than logistics, a number of young people have not participated in policymaking. In addition, the majority of the direct labor force such as loading, unloading, driving, and inventorying have low education and have not been trained in a professional working style. Mr. Tran Anh Tuan, the director of the human resource forecast center in Ho Chi Minh City Ho Chi Minh said that only 1-2% of this workforce is trained professionally [5].

A survey by the City Research and Development Institute. In Ho Chi Minh City, the quality of logistics human resources shows that 53.3% of enterprises lack staff with professional qualifications and knowledge of logistics, 30% of businesses have to retrain staff and only 6.7 % of businesses are satisfied with the expertise of their employees [5].

## **RESEARCH RESULTS**

### **Limitations in Logistics human resources**

In order to have a thriving logistics services industry, the training process needs to be fully implemented in three main groups of subjects.

First, logistics service providers must know clearly the nature, principles, and practical problems of logistics services, which are diverse and constantly evolving, not only within the country but all over the world gender.

Second, service users who are manufacturing and trading enterprises in many different industries must know how to use logistics as a tool to effectively operate their supply chains of products and services.

Third, managers and policymakers need to have a better understanding of the nature, role, and status of the logistics industry in order to make policies and directions for the development of the industry, to build appropriate institutions and laws industry development. Training programs must be tailored to different levels of personnel including administration, management, and staff.

However, according to VIFFAS's assessment, the current training program on logistics in Vietnam is still sketchy and general. Since the school year 2008, City University of Transport. Ho Chi Minh recently enrolled in Logistics Management and Multimodal Transport. This is the first and only university in Vietnam to open this industry. Other universities and colleges specialized in foreign trade, maritime, and transportation only taught foreign trade and insurance, mainly training in shipping and shipping [5].

Some universities have training programs in logistics and supply chain management in the faculties of business administration, transport economics, foreign trade, trade, and tourism ... but only provide knowledge basic knowledge about foreign trade and transportation. Textbooks and references for this type of service are not many. Even professionally trained professionals in the field are far too little for the development requirements.

In addition, some associations and business groups offer short-term training in cooperation with foreign partners or freelance trainers. In recent years, the Logistics Research and Development Institute under VIFFAS has cooperated with the Education and Training Advisory Council of the Federation of International Transport Associations (FIATA) to train the FIATA Diploma program. On "International Freight Forwarding Management" with a Diploma recognized worldwide.

The Institute also participates directly in the Education and Training Subcommittee of the ASEAN Logistic Association (AFFA) to develop a joint logistics training program for ASEAN members. In addition, the Institute also cooperates with partners to open training courses on logistics operations, sea freight consolidation, together with the College of Customs to open training classes on customs agents, etc [4, 5].

In the Central region, the University of Da Nang has cooperated with the University of Liège - Belgium to train two courses "Professional Master in Transport and Logistics". However, the number of trainees per training course is not much. On the other hand, the content of this curriculum has some differences between Europe and Vietnam in terms of customs supervision, transportation infrastructure network connection, security management level according to ISPS Code.

Regarding air freight forwarding, IATA, through Vietnam Airlines, has organized a number of professional classes and exams with international value IATA. The project of developing human resources in the international logistics and aviation industry (International Logistics Aviation Services - ILAS) was deployed for the first time in Vietnam with the goal of finding and training human resources in logistics and aviation services, by Logistic Knowledge Company in collaboration with Work Global, is also rushing to enroll. However, the number of these programs is limited and internal.

## **Factors influencing the development of Logistics services in Vietnam**

### **Geographical Conditions**

Vietnam is located in the southeastern tip of the Indochinese peninsula with an area of about 331,698 km<sup>2</sup> of land. Vietnam's waters occupy an area of about 1,000,000 km<sup>2</sup>.

The Vietnamese border borders the Gulf of Thailand to the south, the Gulf of Tonkin and the East Sea to the east, China to the north, and Cambodia to the west. Vietnam is S-shaped and the distance from north to south is about 1,650 km, the narrowest position from east to west is 50 km. With a coastline of 3,260 km, excluding islands.

Vietnam claims 12 nautical miles of territorial sea boundary, an additional 12 more contiguous nautical miles according to customary and security zone, and 200 nautical miles as exclusive economic zone. Vietnam's geography is very convenient for logistics activities, is a transshipment place of goods, bordering China, Laos, and Cambodia, creating favorable conditions for goods exchange, long coastline with many ports, facilitating the development of epidemic logistics service.

### **The Infrastructure**

Infrastructure has a great influence on logistics services, while infrastructure in Vietnam is still very weak, thereby making the cost of this service soaring, leading to an increase in the cost of products of the business difficult competition affects the development of logistics services in Vietnam.

The transportation system is an important infrastructure in the development of logistics services, but the infrastructure in Vietnam is still very weak, leading to expensive logistics services because of poor infrastructure, traffic congestion. As often happens, "go-anywhere" costs are increasing and becoming more and more common.

The technical infrastructure in urban Vietnam is very weak and lacking, especially the transport system. Road network density is low, estimated at cities such as Hanoi, Ho Chi Minh City, Hai Phong, and Da Nang is only 4-5 km/km<sup>2</sup>. In urban centers of grades 2 and 3, this figure is only half. In addition, this road network is unevenly distributed, lacking connection. Short streets, narrow widths, bad quality but many intersections. The intersections are mostly at the same level, narrow and unreasonable, making the overload at the nodes worse. The land area for static traffic is too low, leading to a lack of parking lots, parking lots as well as inter-provincial bus stations. It is estimated that the percentage of land for transport is less than 10% of urban construction land while the required ratio is 20-25%. Great influence on logistics activities [6, 7].

Vietnam's transport system has been put into operation for more than 100 years. During this period of time, there is not enough investment in maintenance, renovation, and upgrading. Therefore, after a period of time, despite exploiting and experiencing two wars, up to now, Vietnam's transport system has not met the requirements of economic development, with a project to renovate, upgrade and build a new road. , railway, variable port, and aviation. Up to now, our country has a quite diversified traffic network in terms of quantity, density, and rich type. Finished, the quality is not high.

Roadway: Vietnam's road network is about 210,000 km long, of which national highways and provincial roads are 56,000 km, road density over 100 km<sup>2</sup> is 16.16 km. The road infrastructure is developed but it has not met the needs of the market, there is local congestion, many roads have potholes, poor road quality has a great impact on logistics operation in terms of details, time, and roadmap making the circulation of goods difficult.

Railways: The density of railway in our country is 0.8 km / 100 km<sup>2</sup>, of which the North-South railway is 1726 km long, the Hanoi-Lao Cai line is 230 km, the Hanoi-Hai Phong route is 100 km. The two routes on international transport Hanoi - China are Hanoi - Dong Dang - Beijing and Hanoi - Lao Cai - Kunming. North-South railway is being strengthened and upgraded, but this system is in a single line. Just a small jam at one place will cause the whole system to shut down.

Seaway: The port system is evenly distributed in all three regions with a coastline of 3,200 km, the scale, and total capacity on the axis of million tons. Although there are international ports such as Saigon, Da Nang, Hai Phong that receive ships from countries in and out, they are still weak, and backward, affecting the rotation of the goods, affecting services logistics. With over 80% of goods transported via river and sea, Vietnam has a long coastline, many small and large rivers, and an advantage, but besides that the system is weak and the seaport congestion has not met being the demand of the transport market, it has a great impact on logistics operations.

### **Regulatory Environment**

In our country, there are a lot of legal documents, circulars, and decrees for the establishment of businesses, specialized management agencies, organizations, associations, and tax regulations. However, many documents are not neat, clear, not keeping up with the development of the Logistics industry.

As we know, logistics involves many ministries such as Transport, Customs, inspection, etc. each ministry has different regulations that sometimes overlap, causing many difficulties for the logistics industry. In addition, the administrative management mechanism, working capacity, and service attitude of management civil servants need to change, because this is also one of the major obstacles that directly affect Vietnam's Logistics industry men in the process of world integration.

### **The Development of Multimodal Transport in Vietnam**

International multimodal transport, also known as combined transport (Combined transport) is a method of transporting goods by at least two different modes of transport, on the basis of a contract of transport multimodal downloads from a point in one country to a specified point in another country for delivery.

Current popular modes of transport include air transport, land transport, rail transport, and sea transportation. It should be noted that multimodal transport is responsible for 1 carrier on the basis of 1 contract and 1 transport document for the entire transport sector.

- Currently, Vietnamese telecom enterprises develop rapidly in number, but the scale of providing logistics services is small and business is fragmented. Growing massively in number, but most of the Vietnamese forwarding companies are small, with little capital, outdated equipment, and human resources, most of them only about 10-20 people/company. The main operations of domestic companies are sea freight, air freight, tariff declaration, truck service, not many companies try to be able to take over the entire supply chain including road transportation sets, warehouse, packaging, chartering, etc.
- Infrastructure systems for roads, railways, inland waterways, maritime routes, and airways, in general, have not met the demand of teleportation. Contemporary means of transport, which have been used for many years, imported from abroad, have been refurbished, the type belongs to many manufacturing countries, and the vehicles are mostly low-toned vehicles.
- The sad thing is that domestic logistics service enterprises, although small and fragmented, do not know how to link them, but do business in a jerky style, unfair competition, competing to lower the service price saving contracts and mainly lowering container rental costs, this will only cost domestic firms, and foreign firms that are ship owners will play the role of fishermen.

### **Development of information technology and e-commerce in Vietnam**

Over the past years, information technology and e-commerce in Vietnam have been constantly developing, making a significant contribution to the development of the logistics industry. Thanks to information technology and e-commerce, Vietnam's logistics become more flexible, can trade with many countries around the world faster, more efficiently, and save a lot of time and money logistics service enterprises.

### **The need to build a long-term and comprehensive strategy**

The most interesting issue today is that there is not a policy of training and developing logistics human resources that is appropriate for the integrated economy, and there is not a team of logistics instructors with deep expertise and rich knowledge practical experience, as well as there is no skill standard system as the basis for the design of training programs and textbooks for job positions in the logistics industry.

Therefore, the human resource development of logistics Vietnam must be considered a continuous and long-term strategy. It is necessary to develop this human resource in a formal and professional direction. In a long-term strategy, the Government and authorities can assist and finance the formulation and formulation of oriented policy, and at the same time realize the Commercial Code, the logistics chapter. On the other hand, it is necessary to set up a national capacity certification system for logistics, to meet the standard requirements for workers operating in the industry.

The Ministry of Education and Training should have policies to encourage the opening of logistics departments and faculties in universities and colleges of economics and foreign trade and support these places to develop standardized training programs and textbooks and training system linkage among institutions [5].

Provinces with the potential to develop seaport and logistics services such as Ba Ria - Vung Tau should focus on training management staff capable of formulating policies and measures, organizing, and managing centers modern logistics. In addition, these localities should take measures to immediately support the implementation of training programs on awareness of logistics and supply chain management for businesses in the locality, support in-depth training and build a long-term strategy for developing young human resources in the future.

Another interesting content is to seek domestic and international funding for short-term training programs at home and abroad. Coordinate and enlist cooperation with organizations FIATA, IATA, and other non-government organizations to have funding for more regular training. On the other hand, businesses also need to work closely with associations to open human resource training courses for themselves.

## CONCLUSION

Logistics services play a major role in the flow of goods from the place where raw materials are used for production, to the destination of the final consumption of the product.

In this supply chain, transportation is the key. When transport activities are organized optimally, good quality will significantly contribute to improving the quality of logistics services. However, transport in the logistics chain is a combination of many modes of transport, its quality depends on many subjective and objective factors. Therefore, logistics service providers, including transport services, need to be aware of this, from which they offer the option of choosing an appropriate mode of transport, suitable vehicle capacity, and dark route and must have close coordination with relevant organizations (carriers, ports, stations, suppliers, consumers, etc.) according to the flow of materials and goods. Only that way, logistics service providers can meet customers' requirements and improve their business efficiency.

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