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**Title:** Proximity matters: shared challenges within a logistics cluster

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**Example citation:** Gough, A. and Fassam, L. (2015) Proximity matters: shared challenges within a logistics cluster. Paper presented to: *20th Logistics Research Network (LRN) Annual Conference and PhD Workshop 2015, University of Derby, 09-11 September 2015.*

**Version:** Abstract

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# PROXIMITY MATTERS: SHARED CHALLENGES WITHIN A LOGISTICS CLUSTER

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## **Abstract**

**Purpose:** The widespread tendency of logistics companies to become established in close proximity to each other has been explained by the existence of collective benefits in doing so. A recent study by the University of Eindhoven (van den Heuvel et al, 2014) has identified that co-located logistics establishments more often combine transport capacity, have better availability of truck drivers, are better accessible, have better availability of repair and maintenance facilities, and have better expansion opportunities than do non-co-located logistics establishments.

However, co-location can also be expected to bring a number of shared challenges, relating to the economic and political environment of the day. This study aims to identify those challenges, in order to better inform local government support offered to companies situated within logistic clusters.

**Research Approach:** A two-stage approach was followed. An initial bibliometric analysis was performed in order to identify the key issues that were covered by the academic and trade press over a four year period between 2010 and 2014. The results of this analysis were then used to construct a questionnaire that explored the issues in greater depth. A broad range of potential respondents was identified, representative of the incumbents, suppliers and customers of the logistics cluster in Northamptonshire. A total of 302 useable responses were received from a total of 1241 invitations, representing a response rate of 24.3%.

**Findings and Originality:** 54.1% of the respondents indicated that they had suffered from a shortage of skilled labour in the past 12 months. The responding group was clear that the long-term solution to this shortage lay in increasing the awareness of school-age children of the value of a career in logistics. The group was also very receptive to the suggestion of a full educational pathway (from apprenticeship to undergraduate degree) that might be used to attract people into the industry with the potential for continuing education whilst employed.

55.2% of the respondents indicated that their primary reason for establishing their business within the cluster was proximity to their customer, not proximity to other logistics companies nor to supporting services. 51.1% responded that they felt constrained to site their activities close to major road infrastructure, with only 6.8% citing proximity to intermodal facilities as a factor in their location decision.

**Research Impact:** The outcome of this research adds to the understanding of the reasons behind the apparently counter-intuitive co-location of competing logistics businesses.

**Practical Impact:** The continuing development of logistics clusters requires an integrated policy approach at local government level. Education, training, infrastructure, housing and growth strategies need to be co-ordinated to deliver the combined environment in which clusters such as those that may be found in Northamptonshire can thrive.

**Keywords:** *logistics cluster, skills shortage, policy*

Reference:

van den Heuvel, F.P., de Langen, P.W., van Donselaar, K.H. and Fransoo, J.C. (2014). "Proximity matters: synergies through co-location of logistics establishments", *International Journal of Logistics Research and Applications: A Leading Journal of Supply Chain Management*, 17:5, 377-395  
DOI:10.1080/13675567.2013.870141