TRENDS IN TRUCKLOAD RECRUITING AND RETENTION

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Trends in Truckload Recruitment and Retention Survey

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About the Survey
This report is the third in a planned series of quarterly surveys designed to better understand and measure recruiting and retention experiences and expectations in the truckload sector. By taking the pulse of truckload recruiters across the nation, these surveys will ask core questions on recent trends and future expectations of applicants and recruits. Topical questions will also be incorporated depending upon current events with changes in recruiting sources, patterns, and outcomes in retention. The results of the survey will be coupled with observations of Driver iQ personnel engaged in the background screening industry.

The survey is not a valid, random sample; rather, it reflects the perceptions of Driver iQ’s customers and potential clients. It represents the views of recruitment managers who operate a total of over 75,000 trucks. The majority of the responses came from carriers over $100 million in gross operating revenues.

We wish to thank all who participated in the survey and encourage their continued support. We also welcome suggestions to make the surveys more informative and relevant.

About Driver iQ
Driver iQ provides comprehensive, accurate, and reliable background screening and driver monitoring services to the trucking industry. Driver iQ maintains the industry’s most up-to-date driver employment database with accurate, detailed, and actionable data. Carrier customers are granted access to employment verification, driving records, criminal record searches, and ongoing driver monitoring at rates considered the lowest in the industry.

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RECENT TURNOVER

Over the last four quarters, the trend line for driver turnover has steadily risen. Fourth quarter 2017 was down slightly from third quarter, which reflects the pattern seen over the years. Typically, drivers do not want to change jobs at the end of the year for fear of losing year end benefits or be jobless over the holidays. Still turnover is nowhere near the records number of 140% in 2006. The last time turnover broke 100% was in 2014.

Source: Transport Topics
EXPECTATIONS OF FUTURE DRIVER TURNOVER

While *Transport Topics*’ data reflects what has already happened, Driver iQ asked recruiters what they thought would happen in the next quarter. In the fourth quarter, slightly more than 40% of the carriers expect that driver turnover would remain the same over the first quarter of 2018 compared with 25% who thought it would increase. In the first quarter of 2018, 38% of the recruiters thought that driver turnover would increase in the second quarter. The feeling that turnover will increase is probably based upon the knowledge that the economy is healthy, February 2018 unemployment at 4.1% is below the historical average of 5.8%, and the number of new job seekers continues to decline. In essence, drivers have choices about where they will work.

Over half the carriers between $30-$100 million believe driver turnover will increase in the second quarter, and mid-size carriers are least likely to believe it will decrease.

Source: Driver iQ Recruitment & Retention Survey, Q1 2018
CAUSES OF DRIVER TURNOVER

The overall causes of driver turnover are a healthy economy, competition among carriers, and better working conditions in other industries. But for an individual driver, the majority of recruiters believe turnover is caused by the desire to make more money as well as decrease time away from home. Unfortunately, it is hard to reconcile the need for more miles (when paid by the mile) and the desire for more home time. The bumper sticker: “More Miles; More Home Time” is practically unattainable.

Source: Driver iQ Recruitment & Retention Survey, Q1 2018
EXPECTATIONS OF FUTURE APPLICATIONS

Compared with Q4 2017, 62% of the carrier executives surveyed thought that the number of applicants would increase in Q2 2018, even though the pool of drivers has not increased. This is probably because carriers are even more aggressive in their recruiting efforts – offering higher pay, more benefits, and sign-on bonuses (which will be discussed later). But it also means they have to sift through more applicants to find the right, qualified driver.

Over 75% of the smaller carriers believe that the number of applicants will increase, compared to only 50% of the mid-size carriers.
EXPECTEDATIONS OF FUTURE COMPENSATION

According to the Bureau of Labor Statistics, if driver pay had kept pace with inflation since deregulation in 1980, drivers would have earned $111,000 per year in 2015.

However, the American Trucking Associations found that truckload driver pay in 2016 was $53,000, up 15% compared with 2013. But, truckload driver pay is still 62% of that paid by private carriers in 2016 and well below what it should have been if it had kept pace with inflation.
In Driver iQ's survey, recruiters expect that salaries will continue to increase. In fact, 72% of the driver recruiters expect that compensation (pay and benefits) will increase in the second quarter of 2018 compared to their lower expectations in 2017. No one expected compensation would decrease in the Q2 2018.

![Expectation of future Compensation](image)

Source: Driver iQ Recruitment & Retention Survey, Q1 2018

Eighty-three percent of the carriers over $100 million in operating revenues expected that future compensation would increase compared with 50% of the smaller carriers. Regardless of size, no one expected that compensation would decrease.

![Expectations of Future Compensation by Size of Carrier](image)

Source: Driver iQ Recruitment & Retention Survey, Q1 2018
COMPENSATION NEEDED TO REDUCE TURNOVER

Driver iQ asked recruiters what they thought the wage rate needed to be to impact driver turnover. Over 80% believed it should be $75,000, or 41% higher than the $53,000 reported by ATA in 2016.

Source: Driver iQ Recruitment & Retention Survey, Q1 2018

The smaller carriers were the least aggressive in believing that compensation needs to be higher than $75,000.

Source: Driver iQ Recruitment & Retention Survey, Q1 2018
CHANGES IN PAY PROGRAMS

Not only do recruiters believe that pay must be increased, companies are already raising pay. Over 60% of the respondents indicated they have increased their cents per mile, while 51% have increased performance bonuses. Given the restrictions on total miles by the new electronic log regulations, carriers will have to find performance miles in reduced time waiting at docks.

Source: Driver iQ Recruitment & Retention Survey, Q1 2018

Changes in pay programs varied greatly by size of carrier. Sixty-seven percent of the largest carriers were more likely to offer more cents per mile. Larger carriers were also more likely to offer soft bonuses, e.g., more home time, than the smaller carriers. Medium size carriers were more likely to offer performance bonuses (55%) than increasing cents per mile (23%).

Source: Driver iQ Recruitment & Retention Survey, Q1 2018
CENTS PER MILE VERSUS TOTAL COMPENSATION

One of the frustrations motor carrier executives have in changing compensation is that drivers tend to make the decision to change jobs based upon cents per mile rather than total compensation. As a result, most recruiting ads emphasize cents per mile, and the benefits on the side of compensation, e.g., performance bonuses, often get lost.

There isn’t much difference in size of carrier regarding how their drivers view compensation.

Source: Driver iQ Recruitment & Retention Survey, Q1 2018
DRIVERS NEEDED
ATA estimates that in 2018, the trucking industry will need 60,000 new drivers.

Source: American Trucking Associations, Inc. Truck Driver Shortage Analysis 2017

According to the ATA, 47% of this shortage will be caused by drivers retiring. And yet, according to Driver iQ’s survey, only 24% of carriers are taking any steps to deal with this impending shortage caused by retirements.

Source: ATA’s Truck Driver Shortage Analysis 2017

Source: Driver iQ Recruiting & Retention Survey, Q1 2018
ENTRY LEVEL DRIVERS

Over the last six years the number of carriers hiring entry-level drivers has steadily increased from 30% in Q4 2012 to 54% in Q1 2018.

![Bar chart showing trend in hiring entry-level drivers from Q4 2012 to Q1 2018.]

Source: Transport Capital Partners, Q4 2012–Q4 2014 and Driver iQ Recruitment & Retention Survey, Q1 2018

Larger carriers are more likely to hire entry-level drivers than smaller carriers by a 2:1 margin. This is most likely because entry-level drivers need more training and, therefore, are less productive for the first several months. Larger carriers, however, cannot rely exclusively on hiring experienced drivers given the large number of drivers they need to hire each month.

![Bar chart showing hiring of entry-level drivers by size of carrier.]

Source: Driver iQ Recruitment & Retention Survey, Q1 2018
TRAINING SCHOOLS

While the number of carriers hiring entry-level drivers has been steadily increasing, only 20% of the carriers actually operate their own entry-level training schools. Instead, they get them from public or private training schools and then finish the driver training in their own courses.

Source: Driver iQ Recruitment & Retention Survey, Q1 2018

The largest carriers operate their own in-house training schools by a factor of 3:1 over mid-sized carriers. No small carrier reporting operated their own training school. This is not surprising given the number of resources needed – personnel and facilities – that it takes to operate a school.

Source: Driver iQ Recruitment & Retention Survey, Q1 2018
TODAY’S RECRUITERS
Today’s recruiters are between the ages of 30-50 (66%) and primarily male. Almost 50% have been in recruiting over 10 years, but the majority (58%) have been with their current company less than 5 years and 20% have been with their current company less than one year.

Source: Driver iQ Recruitment & Retention Survey, Q1 2018
CONCLUSIONS

Being a recruiting and retention professional in the truckload industry has always been a tough job. But over the last several quarters, the job has become much harder – unemployment is at an all-time low, the number of applicants seeking jobs is down, and other industries offer better working conditions. In addition, freight levels are rising and carriers are buying more new tractors (capacity) to take advantage. It is within this highly competitive environment that recruiters are (1) trying to attract new people to the industry, (2) trying to find drivers, and (3) retain drivers. In essence, it is like Spock in Star Trek playing a game of three-dimensional chess.

In this survey, we discovered that carriers are trying to stem the tide of turnover – and its associated costs – by paying their drivers more to overcome the dissatisfiers of the job, namely the lack of home time, lack of predictability of home time, and lack of predictability of paychecks. They are also changing pay programs and adding more performance bonuses, but they still expect that turnover will increase in the second quarter of 2018.