



TRENDS IN TRUCKLOAD RECRUITING AND RETENTION

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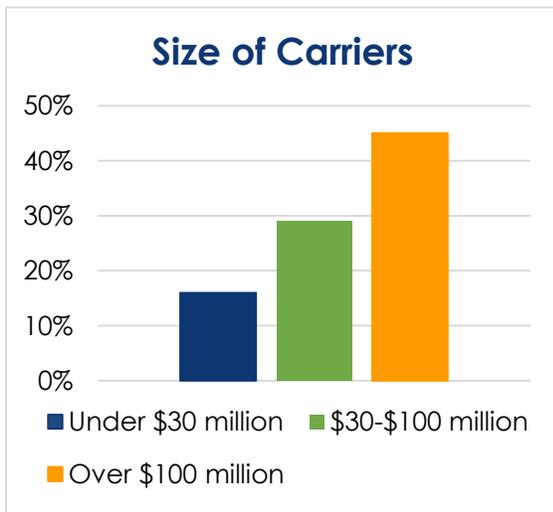
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ABOUT THE SURVEY

This report is the fourth 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.

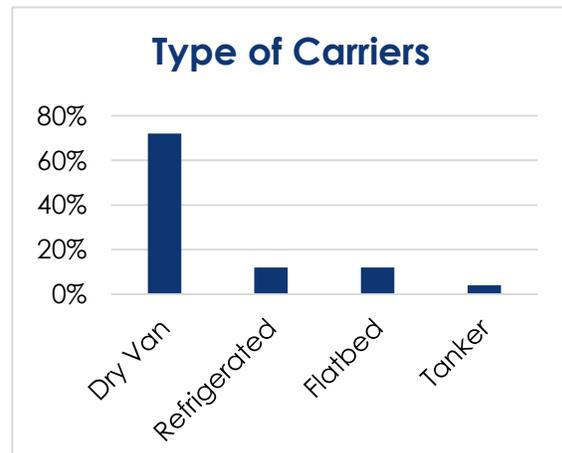


The survey is not a valid, random sample; rather, it reflects the perceptions of Driver iQ's customers and potential clients. It represents the views of recruitment managers who operate over 75,000 trucks.

Forty-five percent of the responses came from carriers over \$100 million in gross operating revenues. Where appropriate, we will break out by the size of carrier. Because over 70% of the carriers responding were dry van, we did not break out any findings by type of carrier.

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.

Email LBatts@DriveriQ.com with any feedback.



ABOUT DRIVER IQ

Driver iQ provides comprehensive, accurate, and reliable background screening and driver monitoring services to the trucking industry. Driver iQ has built and maintains the industry's most up-to-date proprietary driver employment history database with accurate, detailed, and actionable reports. 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. The vast majority of the largest truckload carriers rely on Driver iQ every day. We'd love to tell you why! Email diqsales@driveriq.com with any questions.

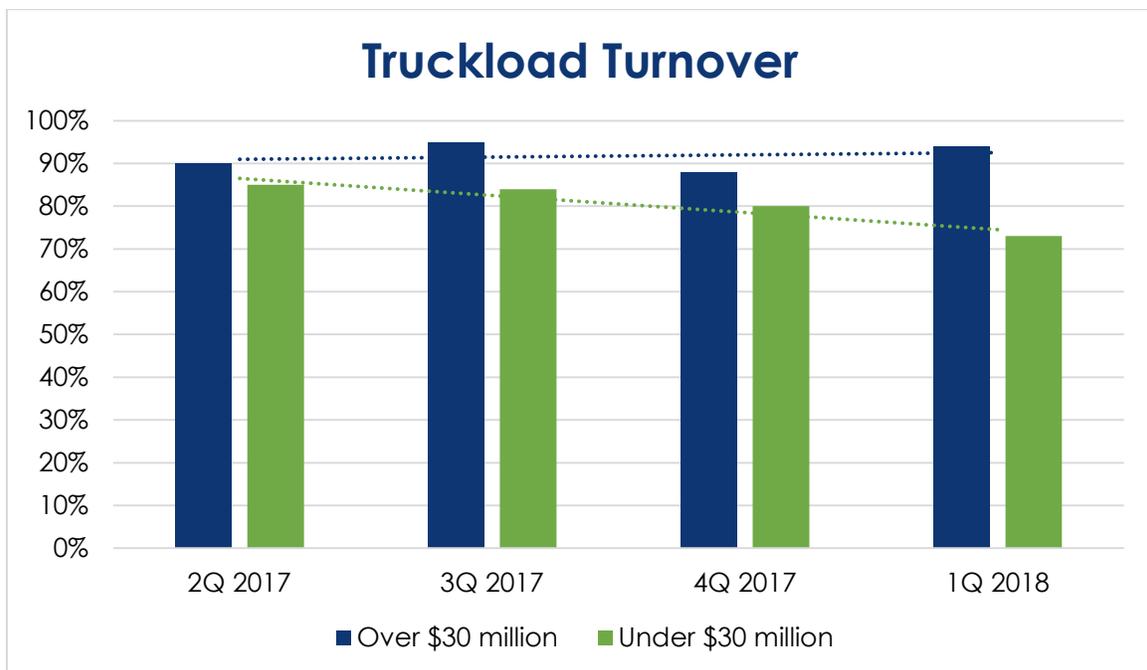
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RECENT DRIVER TURNOVER

According to the American Trucking Associations (ATA), the annualized turnover rate for large carriers (that is, carriers over \$30 million in gross revenue) rose 6 points to 94%, a rise of 20 percentage points over a year ago. This continues the trend we have since the third quarter of 2016. However, it does not match the all-time highs we saw in 2003, 2004, and 2005 when the turnover rate was over 100% for large carriers.

The annualized turnover rate for smaller carriers (less than \$30 million in operating revenue) dropped 7 points and continues its downward trend.

As we will discuss later, we have been able to identify some of the reasons why the turnover rates for larger and smaller carriers are heading in different directions. Maybe **Cheers** is right, “Where Everybody Knows Your Name” not only works in Boston bars, but also in trucking companies.



Source: Transport Topics

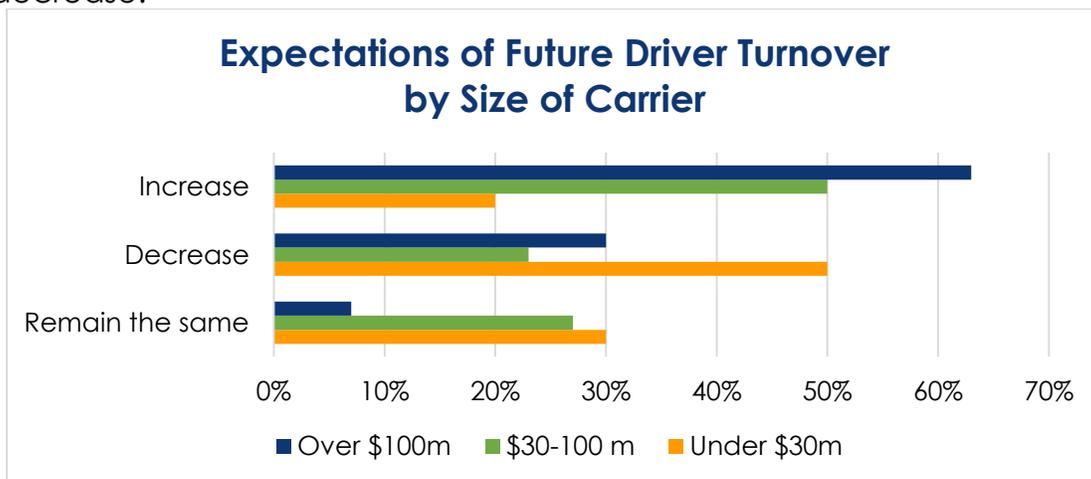
EXPECTATIONS OF FUTURE DRIVER TURNOVER

While *Transport Topics*' data reflects what has already happened, Driver iQ asked recruiters what they think will happen in the next quarter. Forty-five percent of the carriers responding indicated that they expect that driver turnover rates will increase in the third quarter 2018. This indicator has been going up for the last three quarters and is almost twice what it was in the Fourth Quarter of 2017. The remaining carriers are evenly split between those that think it will decrease or remain the same, although fewer carriers expect that it will decrease than we've seen over the last two quarters.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

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.



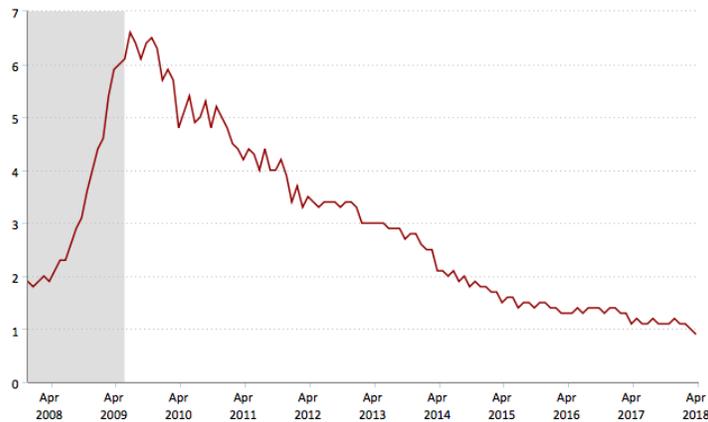
Source: Driver iQ Recruiting & Retention Survey, Q2 2018

CAUSES OF DRIVER TURNOVER

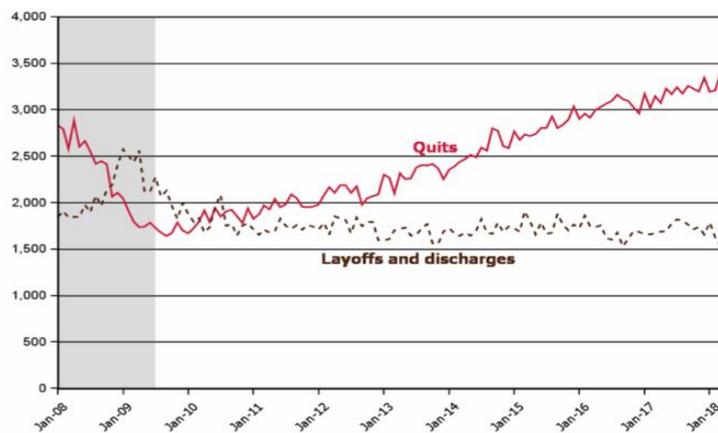
Economic Prosperity

In last quarter's report, we discussed the what causes drivers to change jobs: compensation, time away from home, lack of communications, etc. This quarter, we will look at more the underlying economic causes.

According to the Bureau of Labor Statistics, the ratio of unemployed persons per job opening reached an historic low of less than 1 in April 2018. At the peak of the recession in July 2009, the ratio was 6.6 unemployed persons per job opening.



If people already have jobs, then companies must look at recruiting workers who already are employed. According to the Bureau of Labor Statistics, 3.4 million people quit their jobs in April 2018. Quit rates serve as a measure of workers' willingness or ability to leave jobs, knowing that they can get one elsewhere.



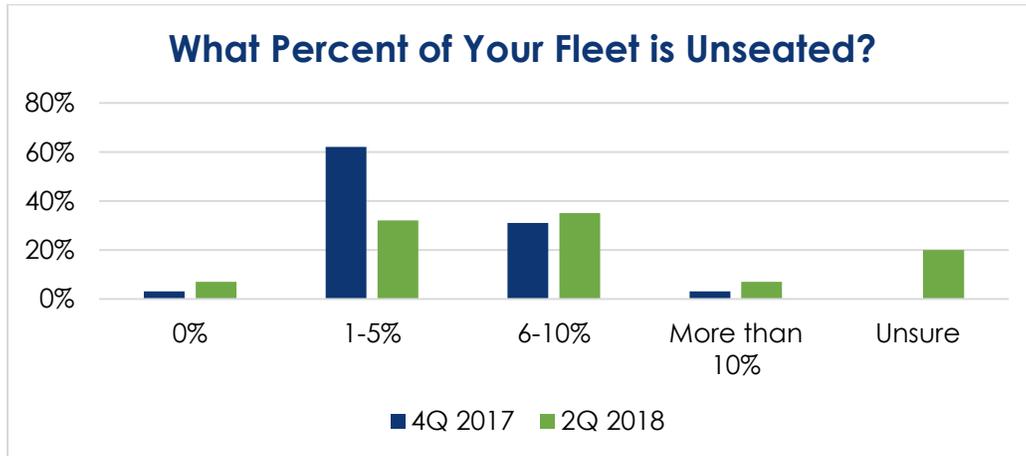
Source: Bureau of Labor Statistics, Job Openings and Labor Turnover Survey, June 5, 2018.

Note: Shaded area represents recession as determined by the National Bureau of Economic Research (NBER).

In other words, anyone looking for a job already has one; thereby, creating turnover.

Unseated Trucks

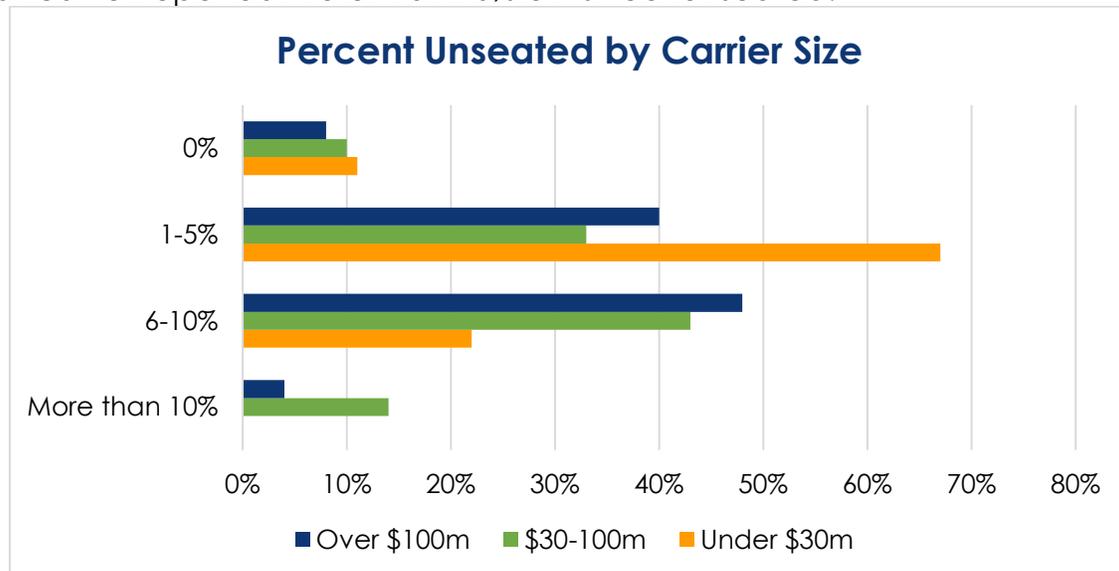
One cause of high turnover is the number unseated trucks, which causes carriers to scramble to find ways to attract drivers and fill those seats. The good news is that the number of carriers reporting no unseated trucks was almost 7%. Unfortunately, that is tempered by an equal percentage who indicated that more than 10% of their trucks were unseated.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Of those respondents who knew the percent of unseated trucks:

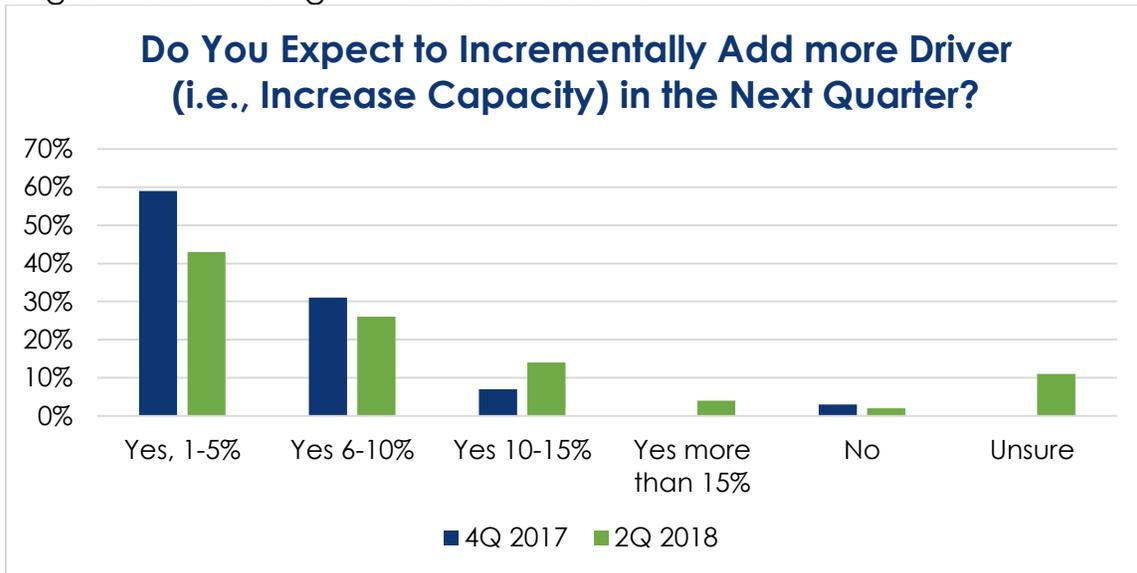
Smaller fleets appear to be doing better at filling their empty seats, with 78% reporting that they have less than 0-5% unseated. Fifty-seven percent of the mid-size carriers indicated that more than 6% of their fleet is unseated. 52% of the larger carriers reported that they had more than 6% of their fleet unseated. No small carrier reported more than 10% of its fleet unseated.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Added Capacity

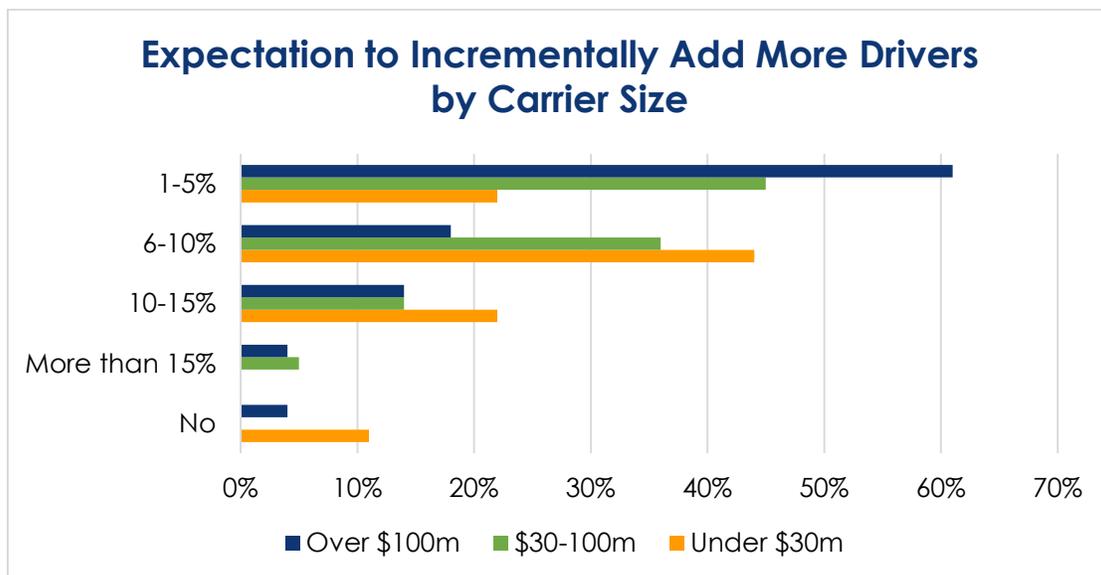
Even with trucks parked along the back fence, carriers continue to expect to add capacity. Almost 20% indicated that they intended to add more than 10%. This is because the freight market it is booming and no one wants to be left out as freight continues to grow and rates increase.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

For those respondents who knew:

Sixty percent of the larger carriers say they are only going to add 1-5% capacity to their fleets. Forty-four percent of the smaller carriers indicated they were going to add 6-10% to their fleets.



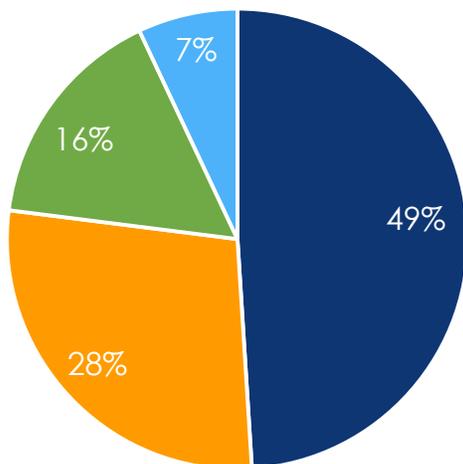
Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Retirements

Another cause of turnover is retirements. According to ATA, 49% of the new drivers needed through 2026 will be the result of retirements. According to the Bureau of Labor Statistics, people are staying longer in the workforce for various reasons. In fact, by 2022, 32% of the workforce will be beyond the age of 65.

People staying longer than 65, however, tend to be a higher-status, well-educated subset of the population – that is, white collar professionals like doctors, lawyers, education, or business. The most basic reason, however, is they love their jobs.

Share of Drivers Needed Through 2026



- Retirement
- Industry Growth
- Terminated
- Left Before Retirement

Source: ATA's Truck Driver Shortage Analysis 2017

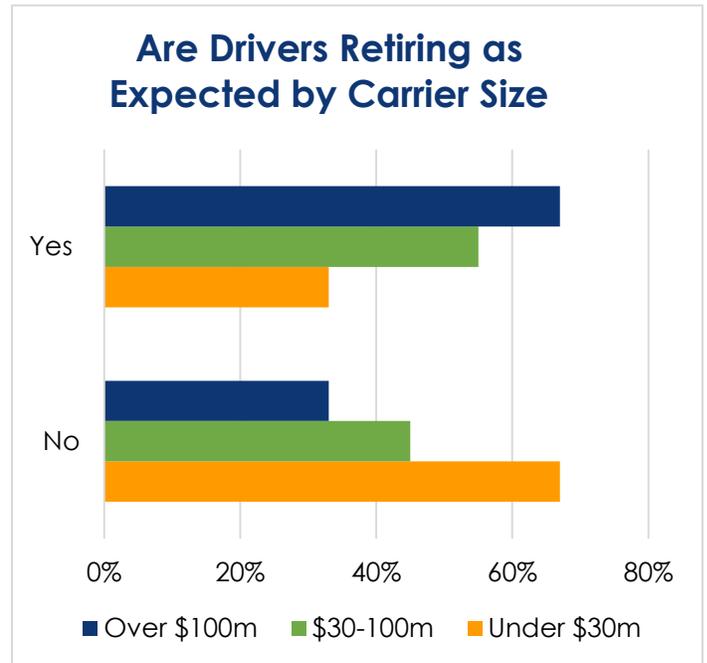
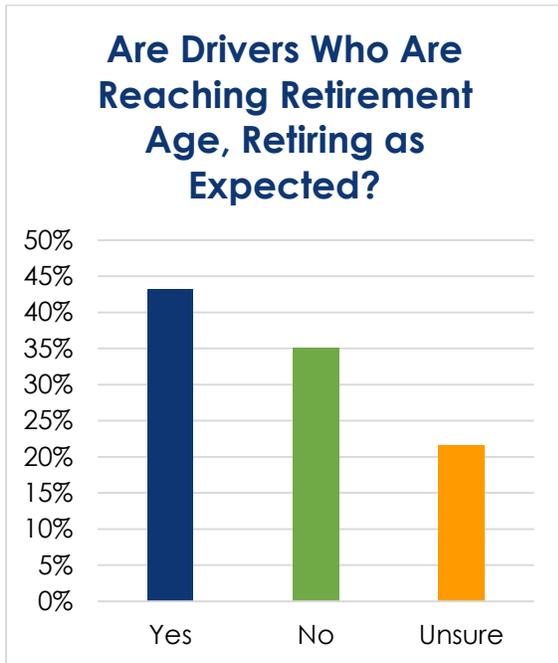
Percent of Older Workers in Workforce is Growing



2002	2022
20%	32%

Source: Bureau of Labor Statistics

In our latest survey, 45% of the carriers indicated that drivers who are reaching retirement age are retiring as expected. But 36% said they were not. Twenty-two percent were unsure. Observation: Maybe if drivers loved their jobs more, they would stay longer.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

For those respondents who knew:

Sixty-seven percent of the recruiters working in larger companies indicated that drivers were retiring as expected. Smaller carriers reported just the opposite: 67% indicated that their drivers were staying longer. Maybe part of the reason smaller carriers are seeing less turnover is because drivers are not retiring, i.e., they like working for smaller companies.

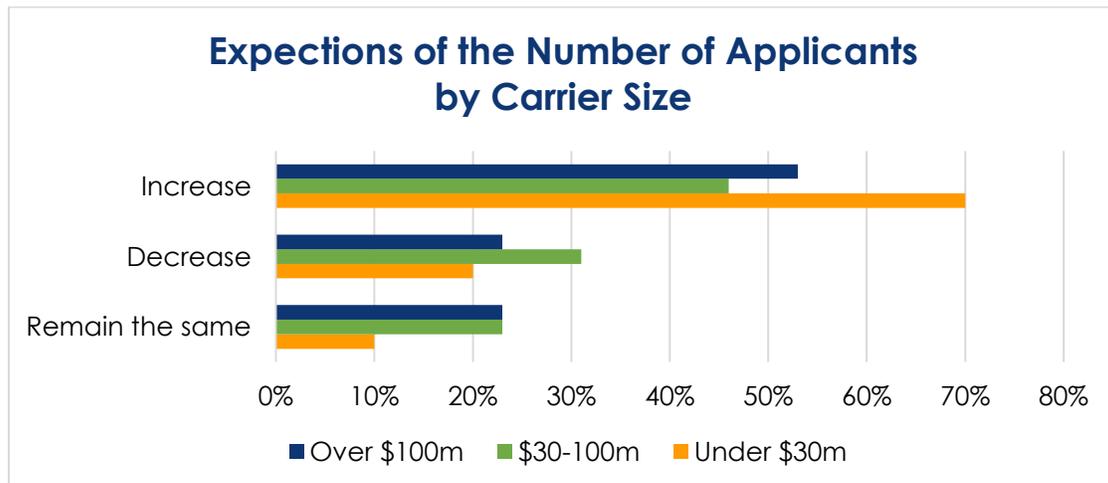
EXPECTATION ON NUMBER OF APPLICATIONS

Compared with Q4 2017, 55% of the carrier executives surveyed thought that the number of applicants would increase in Q3 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.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

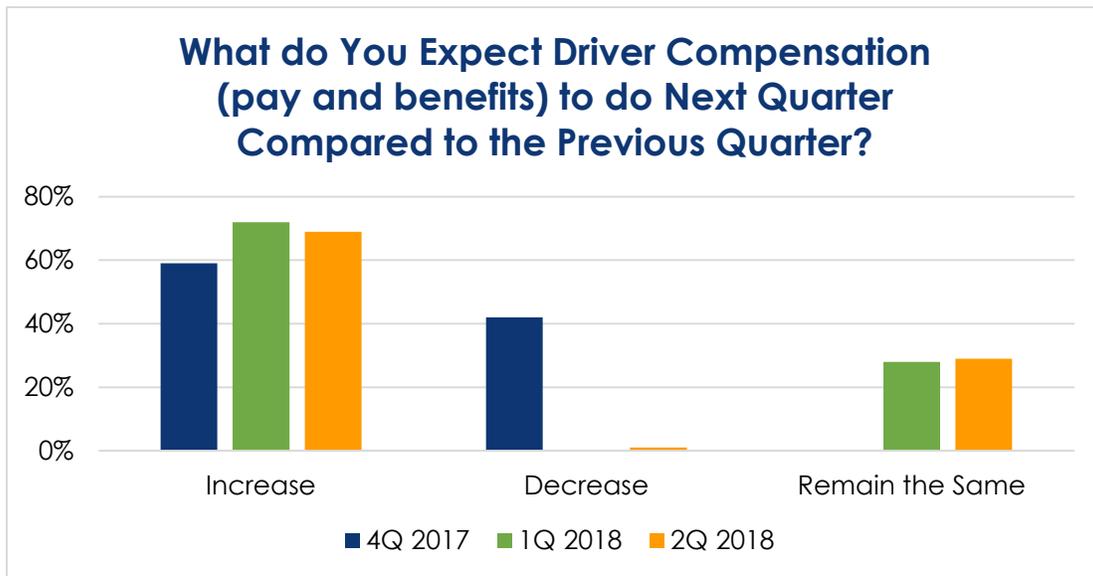
Across all sizes of carriers, the majority thought the number of applicants would increase. Smaller carriers more optimistically thought the number would increase (70%).



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

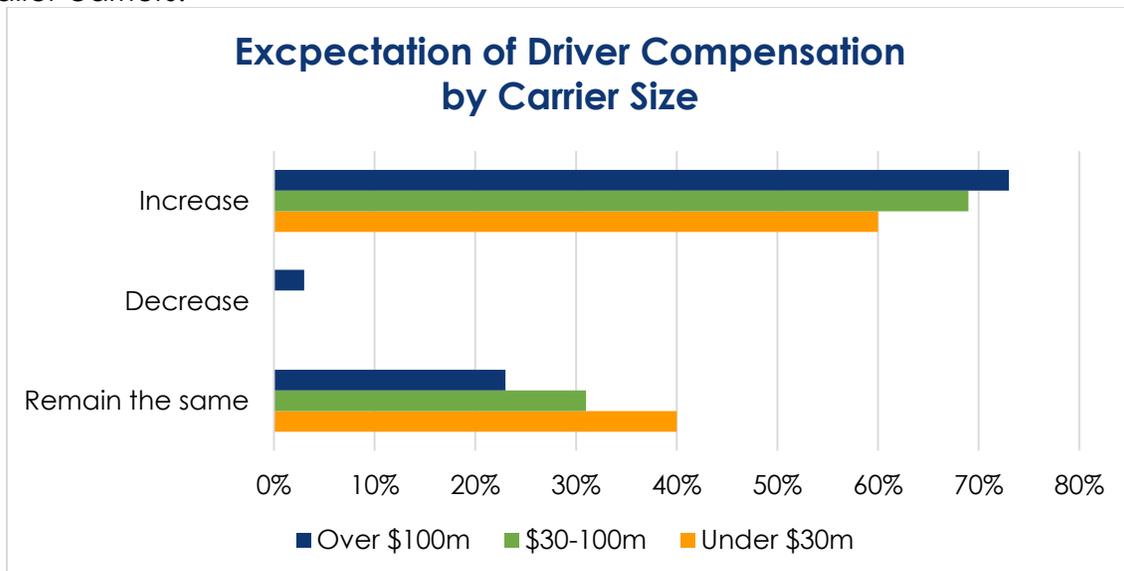
EXPECTATIONS OF FUTURE COMPENSATION

In Driver iQ's survey, recruiters expect that salaries will continue to increase. In fact, almost 70% of the driver recruiters expect that compensation (pay and benefits) will increase in the third quarter of 2018 compared to their lower expectations in 2017.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Seventy-three percent of the carriers over \$100 million in operating revenues expected that future compensation would increase compared with 60% of the smaller carriers.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

BONUSES

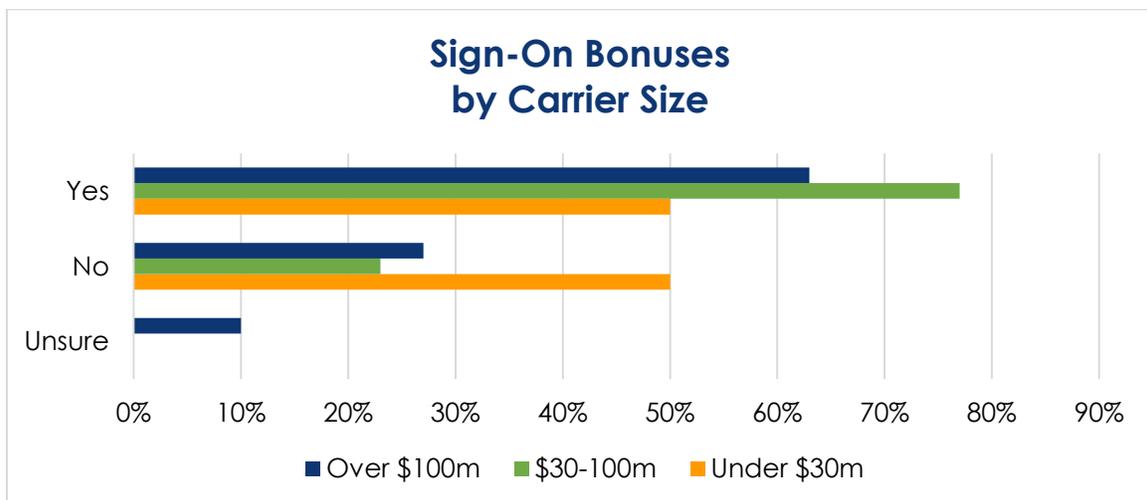
Sign-On Bonuses

So how do carriers get drivers to change jobs? Surprise! Sign-on bonuses are back. In Q4 2017, only 52% of the carriers were offering sign-on bonuses; today 68% are.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

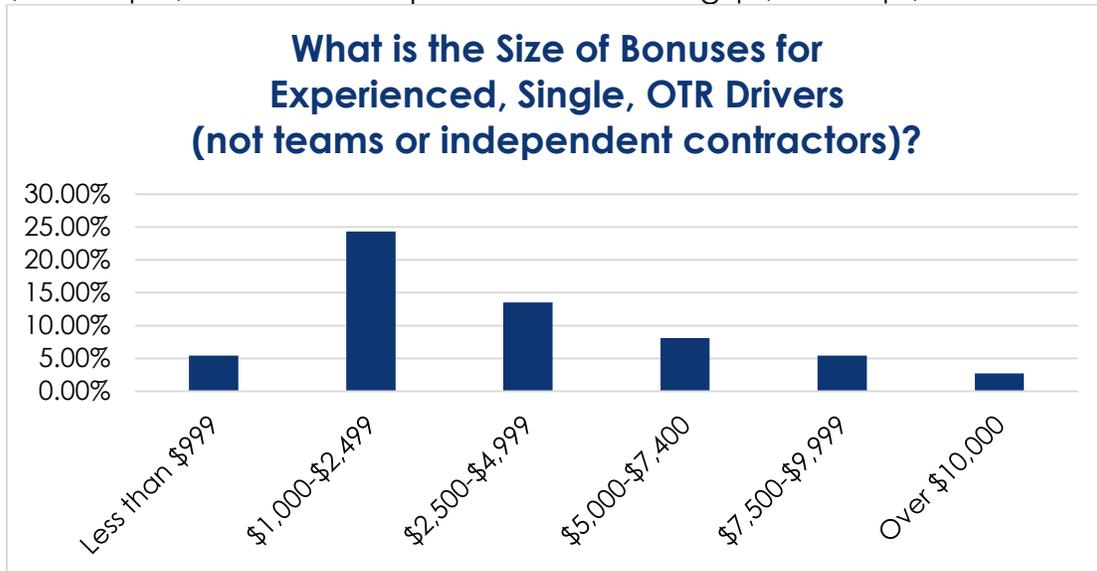
Almost 80% of the mid-size carriers (\$30-\$100 million) are offering sign-on bonuses compared to only 50% of the smaller carriers.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

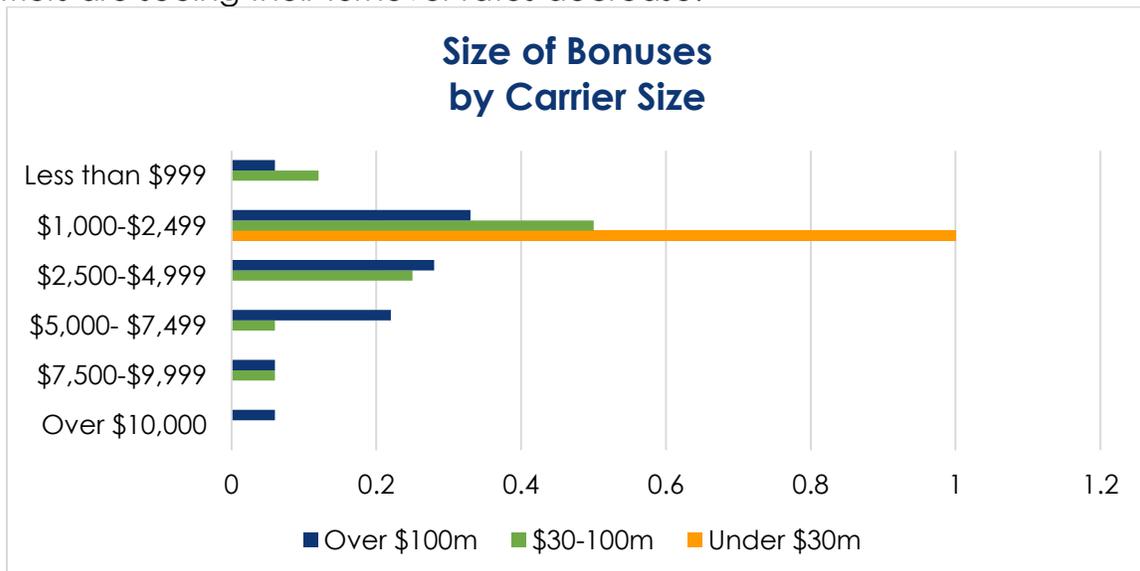
Size of Sign-On Bonuses

For the carriers who are offering bonuses, 25% are offering bonuses in the range of \$1,000 to \$25,000. Fourteen percent are offering \$2,500 to \$5,000.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Not surprisingly, bonuses differ by size of carrier. The smallest carriers – who offer bonuses and reported – indicate that they offer between \$1,000 and \$2,500. The larger carriers are offering the larger bonuses. And yet, as noted earlier, smaller carriers are seeing their turnover rates decrease.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

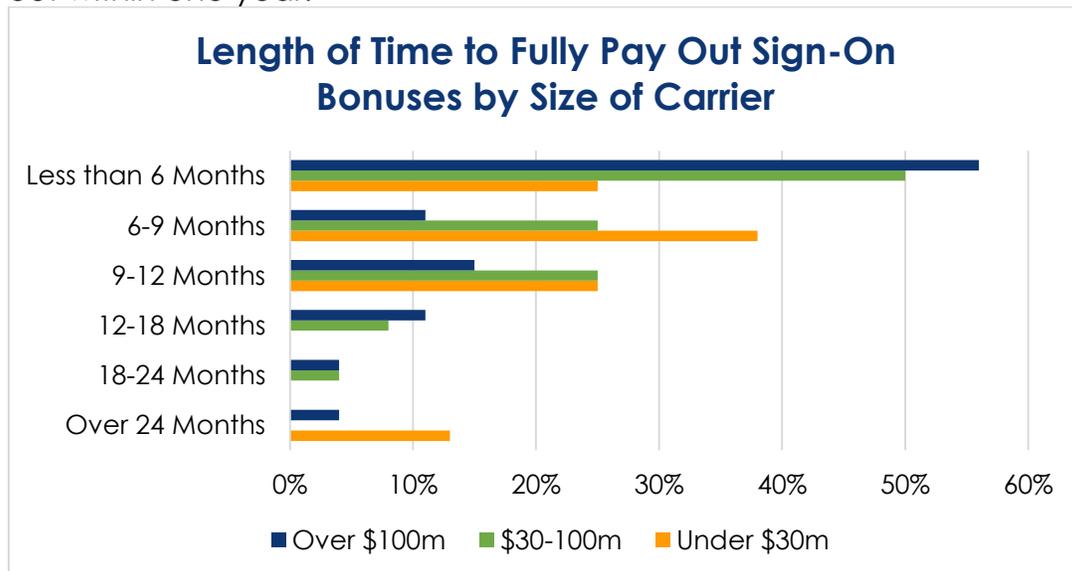
Length of Time to Receive Full Sign-On Bonus

Very few, if any, sign-on bonuses are paid at the time a driver signs up. Most have some period of incremental payout. Fifty percent of our respondents indicated full bonuses are paid out in less than six months.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Not all carriers are paying out their bonuses at the same time. Larger carriers are paying out more quickly than smaller carriers. However, the vast majority are paid out within one year.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Re-Hire Bonuses

Thirty years ago, few companies would rehire employees. In 2015, a *Workplace Trends* survey found that 76% of HR professionals says they are more likely to hire “boomerang employees” than in the past. However, 80% of the former employers did not reach out to them to encourage their return. Forty percent of past employees said they would consider returning to a company where they previously worked.

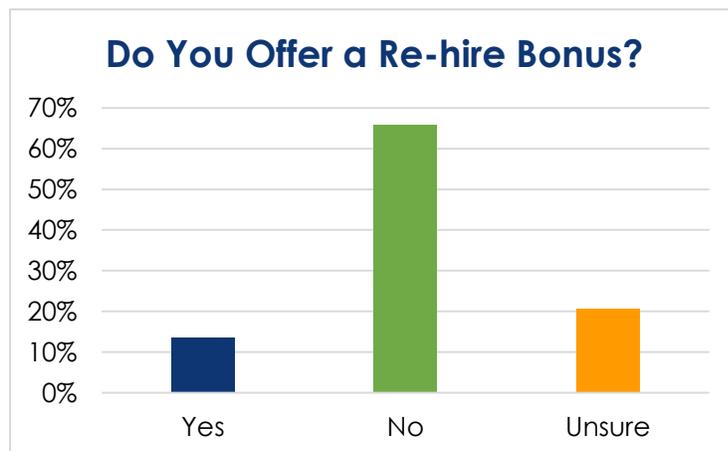
In trucking, however, rehires have been a consistent source of drivers for years. Recently, we have seen carriers using bonuses as a way to rehire former drivers. This is a sample of one carrier offering a rehire bonus during the first quarter of 2018. The bonus was paid only if the driver had been gone for at least 60 days.

Limited Time Rehire Sign-on Bonus
Special! *



Solo Drivers who rehire with [redacted] between 01/29/18 and 03/30/18 will receive:

- \$750 on first check
- \$750 after 90 days



We asked carriers if they were offering re-hire bonuses like they offer sign-on bonuses. While re-hire bonuses were all the talk at a recent recruiting conference, it appears that very few carriers are actually offering them.

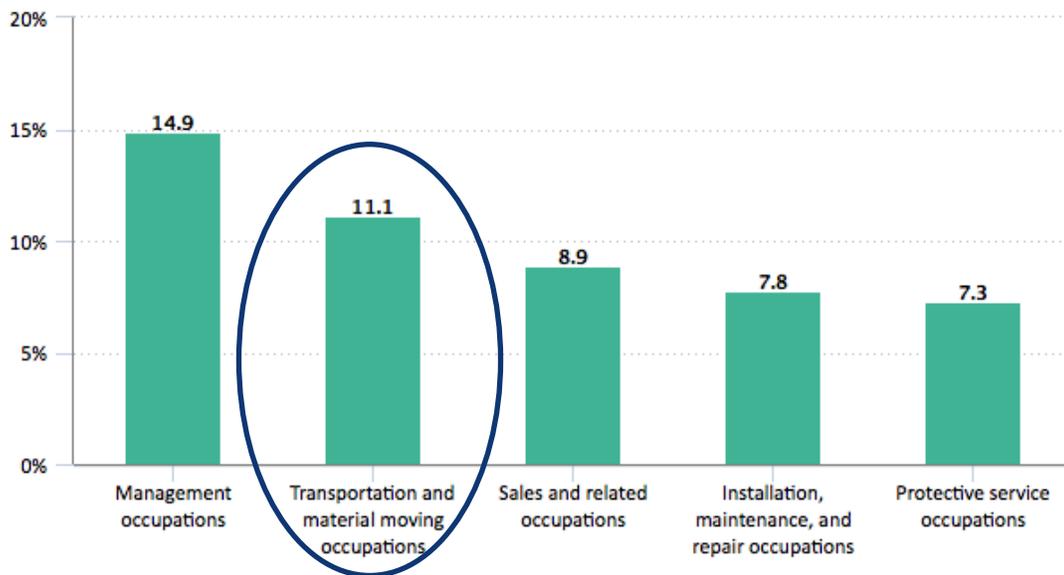
Source: Driver iQ Recruiting & Retention Survey, Q2 2018

RECRUITING VETERANS AND FEMALE DRIVERS

Veterans

One area where there is higher unemployment is veterans, specifically those who have served in the military since 9/11, and women. Driver iQ was interested in what is happening in carriers' efforts to attract vets and women to become over-the-road drivers.

In fact, male military veterans make up 11% of what the Bureau of Labor statistics calls "Transportation and Material Moving Occupations."



Source: U.S. Bureau of Labor Statistics, Current Population Survey.



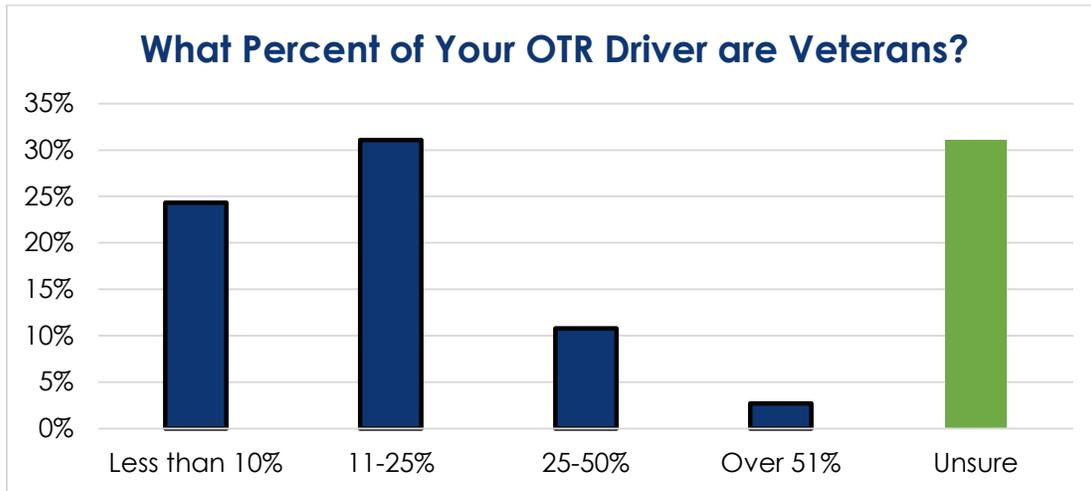
The unemployment rates for Gulf-War II era veterans is higher than the national average:

- 4.3% for males and
- 5.5% for females.

This rate is unfortunate because they are hard-working, understand self-discipline, stress, and time away from family. Sounds like perfect OTR driver candidates.

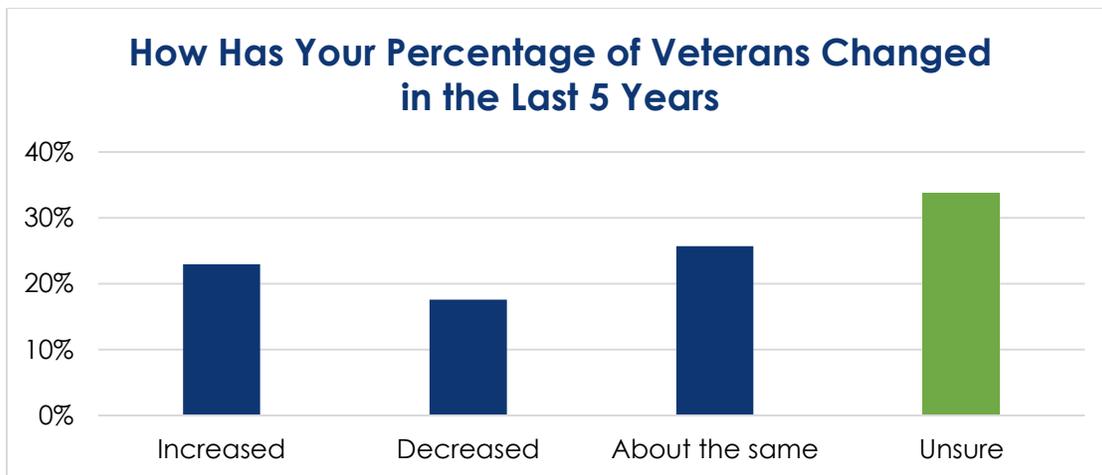
Percent of OTR Drivers That Are Veterans

In 30% of the fleets surveyed, veterans make up 11-25% of their driver population. However, as much as carriers indicate they want to hire drivers, it appears that over 30% are not keeping track of the number of veterans. Because so many were unsure, the size of the respondents by carrier was too small to break out.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

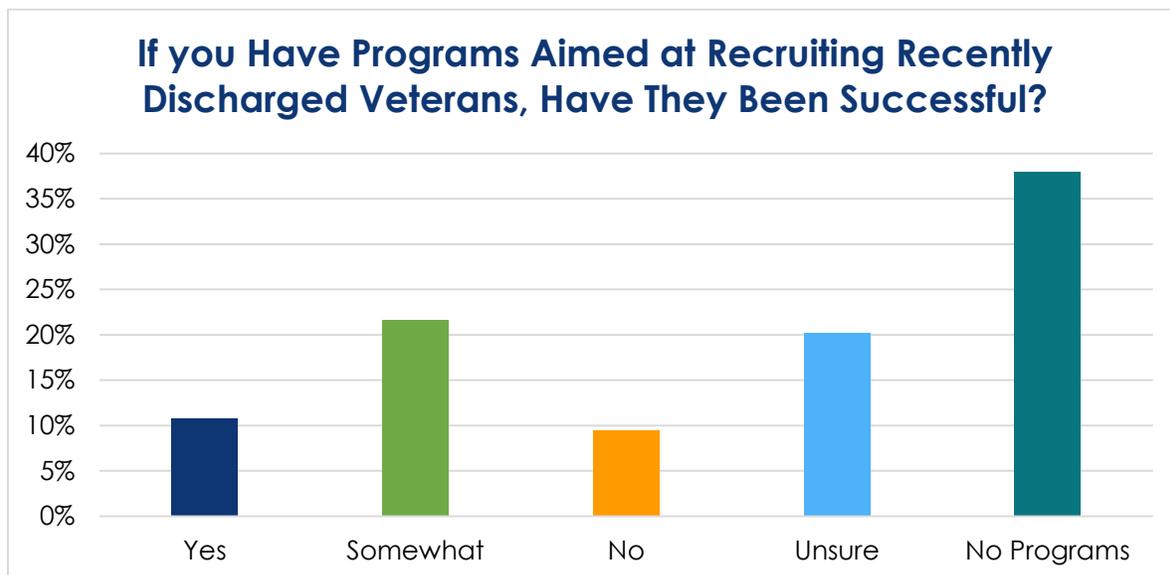
We then asked if this percentage had changed in the last five years. Twenty-three percent of the carriers responding indicated that the number of veterans in their workforce have increased over the last 5-years, yet a slightly higher number indicate that the number as remained the same. The largest percentage of recruiters were unsure. Because so many were unsure, we were unable to break out by size of carrier.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Effectiveness of Programs Aimed at Recruiting Veterans

Given the efforts of the industry to recruit veterans, we wanted to know if those efforts were successful. Almost 40% of carriers report that they have no programs aimed specifically at recruiting recently discharged veterans. For those that do, 20% report that their programs are somewhat successful. About an equal number are unsure. This may indicate that carriers are implementing so many new recruiting programs at the same time that they can't quantify the effectiveness of just one program.

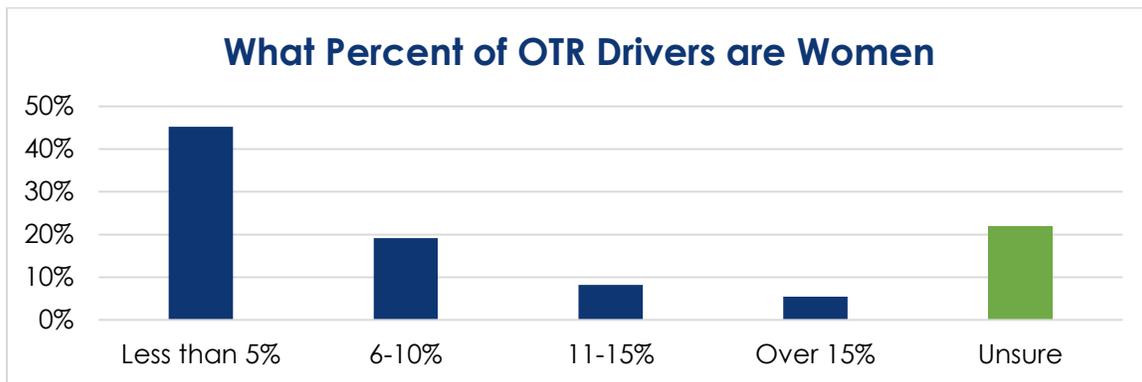


Source: Driver iQ Recruiting & Retention Survey, Q2 2018

FEMALE DRIVERS

We know that almost half the workforce is made up of women. However, in trucking – truckload, LTL, private -- only 6.2% of the drivers are women, according to the Bureau of Labor Statistics.

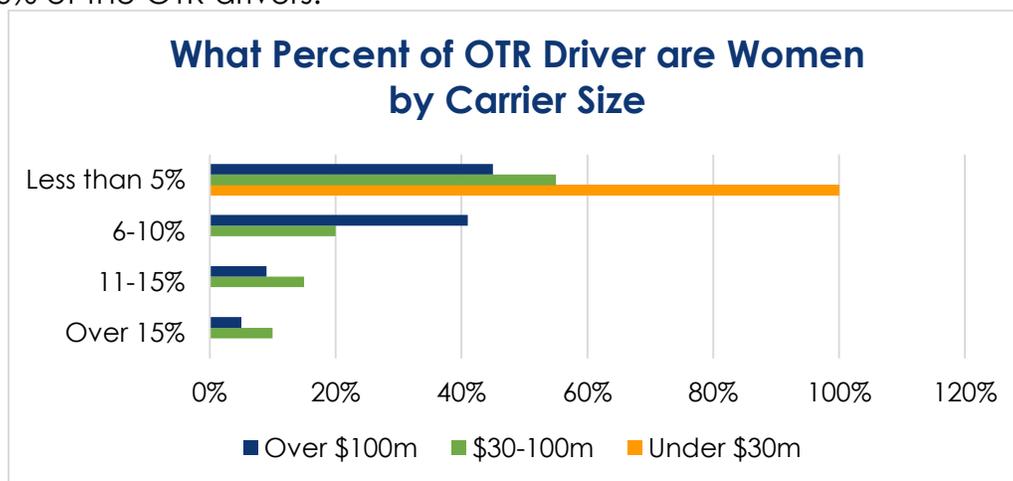
We wanted to know what percent of drivers in **truckload** were women. Forty-five percent of the carriers responding indicated that less than 5% of their OTR workforce were women. The next largest segment was 22% of the respondents who didn't know what percent of their drivers were women.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

For those who knew the percent of female OTR drivers:

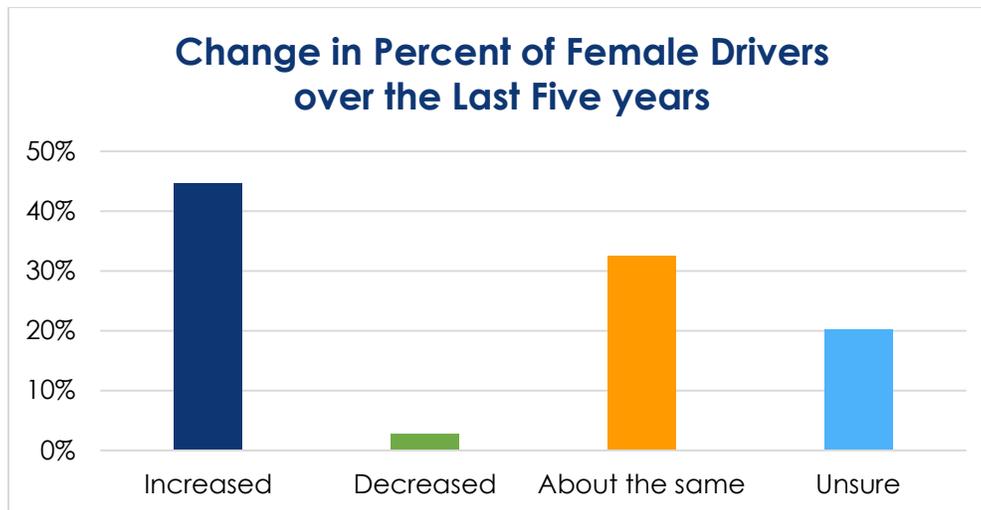
100% of the smaller carriers reporting indicated that less than 5% of their drivers were women. Larger carriers appear to be doing a better job at recruiting women. Forty-one percent of the larger carriers indicated that women made up 6-10% of the OTR drivers.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Change in Number of Female drivers

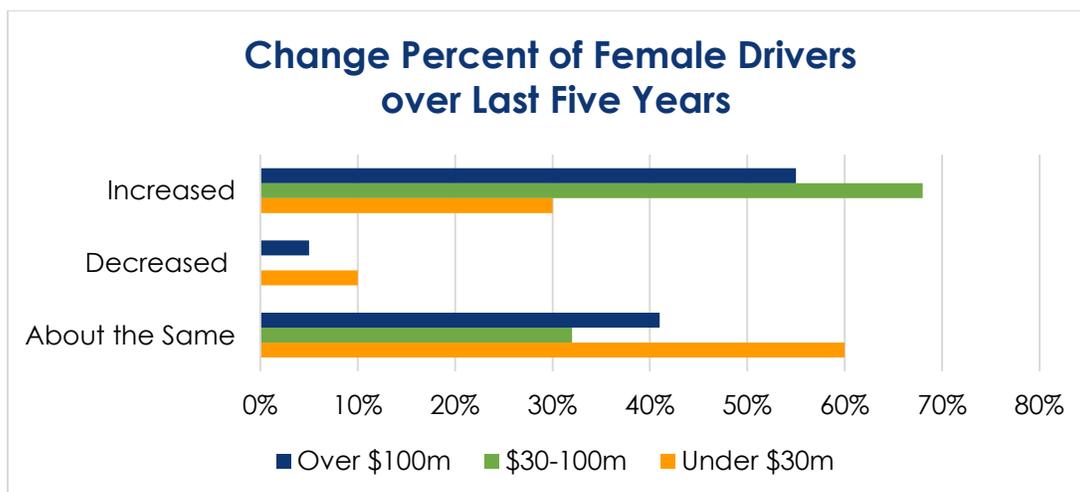
We hear a lot about carriers trying to recruit more female drivers. We wanted to know if the number of female truckload OTR drivers has increased or decreased over the last five years. It must be working, because 45% of the carriers reported that the number of women in their workforce has increased, while 30% indicated that it had remained the same.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

For those who knew:

Almost 70% of the mid-size carriers reported increases. Fifty-five percent of the larger carriers reported an increase. However, 60% of the smallest carriers reported that women make up about the same percentage of their workforce as they did 5 years ago.

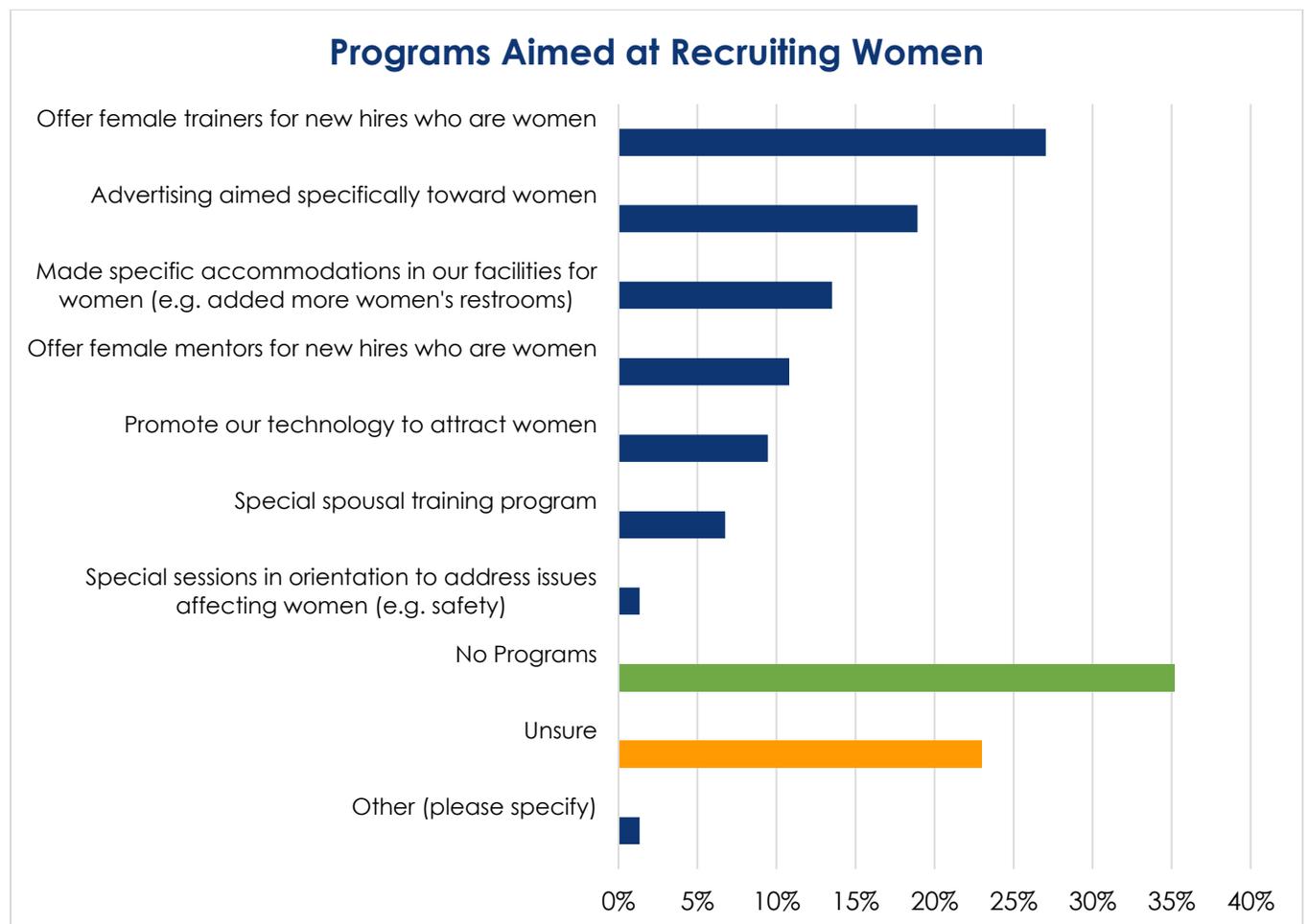


Source: Driver iQ Recruiting & Retention Survey, Q2 2018

Programs Aimed at Recruiting Female drivers

Driver iQ asked what kind of programs carriers were implementing to specifically recruit female drivers. Thirty-five percent (35%) of the carriers reported that they did not have any programs aimed specifically at recruiting women. Of those offering programs, 27% indicated that they offer female trainers for new hires who are women, while 19% said they have advertising aimed specifically towards women. But 23% were unsure about their programs aimed at recruiting women.

Because such a large percentage did not have recruiting programs aimed at women or were unsure what those programs were, we were not able to break out the results by carrier size.



Source: Driver iQ Recruiting & Retention Survey, Q2 2018

CONCLUSIONS

Motor carrier executives continue to play a three-dimensional chess game when it comes to recruiting. Managing within the context of an expanding economy operating at almost full employment, they need to (1) find drivers that are already working for other trucking companies, (2) attract them to their company with wages, bonuses, benefits, and soft-benefits (e.g., predictable time away from home), and (3) still grow their companies profitably. Ironically, while many of the efforts they made may help their individual companies (e.g., offering sign-on bonuses), the overall industry effect is making turnover more challenging. As an industry, we must confront the task of growing the size of the driver labor pool.

One area of promise is the recruiting groups that are focused on recently discharged veterans and women.