



Texas Trucking Alliance

*Promoting Best Practices for the
Texas Trucking Industry*

What's working in Hiring and Retaining Drivers

Introduction

As the lifeblood of the Texas economy, truck drivers and the transportation industry are responsible for hauling goods and materials across the state and country. They make sure that products are on shelves and raw materials are delivered to factories. Because of the vital role they play, truck drivers are more in demand than ever before, and transportation companies go to great lengths to attract and retain good drivers.

Demand for Drivers during the Next Decade

The demand for drivers in Texas will increase substantially over the next decade due to demographic trends, economic shifts, and changing industry standards.

The typical truck driver is several years older than the average worker in the United States. 62.4% of drivers are between the ages of 45-64 compared with only 47.9% of workers across all industries, according to a study by the American Transportation Research Institute. This forecasts a future decrease in the supply of drivers as the largest segment of the driver pool moves towards retirement. Adding to this shortage, for many companies the de facto minimum age to be considered for a driver position is 23. This minimum age is not mandated by any law, but many insurance companies that specialize in the transportation industry require prospective drivers to be 23 years old. Therefore, not only are there fewer drivers under 45 than there are over 45, the newest entrants into the job market, those in their early twenties, encounter a hurdle into entering the profession.

The new CSA regulations will also limit the number of new drivers. By making driver records and safety history more important than ever, these regulations force transportation companies to set higher standard for applicants. This is clearly a good thing in terms of keeping our roadways safe, but at the same time it will place roadblocks in front of otherwise willing applicants and further decrease the pool of potential drivers.

On the demand side of the equation, the increased interconnectedness of regional and global markets will boost the need for drivers far into the future. Our global and national economy allows products to be manufactured using a supply chain that is spread across the country and the world. At every step along the way, goods and materials need to be shipped and a trucker is required. The demand for drivers also appears to be recession-proof. During tough economic times- when fuel prices experience less inflation than in boom times- a common strategy to cut costs is to seek out less-expensive suppliers of raw materials and goods in regions that were previously inaccessible due to shipping costs. And locally, economic booms in certain industries such as oil and gas production also increase the demand for drivers.

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The Effects of the Eagle Ford Shale on the Demand for Drivers

A prime example of how a local economic boom affects the labor market is seen with the Eagle Ford Shale. The Eagle Ford Shale is a geologic formation containing oil and natural gas that runs in a 50 mile wide swath of land from the Texas-Mexico border for 400 miles into the eastern part of Texas. Production in this formation has only been online for a few years, but it has already reached impressive levels, soaring to 22 million barrels of oil and 221 billion cubic feet of natural gas. This massive oil and gas play has created a spike in demand for drivers who are needed to haul equipment, pipe, and drilling materials. Setting up a drilling rig alone requires 40 to 50 truck hauls, and this is just one stage of the process.

Such a large oil and gas field means that a lot of money is there to be made for energy companies and anyone working with them, including drivers. A quick glance at the website promoting the Eagle Ford Shale (<http://www.eaglefordshale.com/jobs/>) shows dozens if not hundreds of postings for driver jobs. Although the hours can be long and even erratic, the money is a huge draw for many truckers. “Because of the value of the commodity being produced in the Shale, drivers operating in Eagle Ford have been able to command and receive significantly higher wages - wages that cannot be supported in those other segments,” says Todd Wright, President of Business Financial Group Risk and Benefits Management, LLC.

However, along with the positives of high pay, come the downsides of time away from family and long and inconsistent work hours.

Popular Incentives to Attract and Retain Drivers

To compete for drivers, companies offer many lucrative incentives- both in terms of compensation and intangible benefits, such as a consistent work schedule. Most workers in 8 to 5 jobs take it for granted that they will be home with their families every night, unfortunately for truck drivers this is not something they can take for granted due to the nature of the job that often involves driving hundreds of mile for one haul. To the extent possible, one common demand of drivers is at least a consistent schedule so that their time with their family, even if it cannot occur every night, will at least be on a consistent schedule. Guaranteed time at home was the most common incentive used by trucking companies, with 75% of small companies and 69% of large companies guaranteeing time at home, according to the Texas Trucking Industry Study conducted by the Texas Trucking Alliance (TTA) and TMTA last year.

After guaranteed time at home, small and large companies were likely to offer benefits like vacation and sick pay (48% of small companies, and 43% of large companies), bonuses based on mileage and safety (45% of small companies, and 49% of large companies), and flat rate pay per mile (41% of small companies, and 35% of large companies). In addition, like other in-demand professions such as nursing, drivers are often offered signing bonuses to have them come on board.

However, truck drivers also want to earn a competitive salary and benefits that include health and life insurance, paid time off, and retirement plans. But these benefits were offered to much more varying degrees depending on whether a driver works for a large or a small trucking company. For instance, health care is offered by 33% of large trucking companies but by only 9% of small companies. A similar pattern is show with 401ks, where 21% of large companies offer them as compared to only 2% of small companies in the TTA study.

One San Antonio-based trucking executive added that “providing a company that drivers would be proud to work for is also important.” Drivers want to work for a respectable company and have access to quality and well-maintained equipment. It makes their jobs easier and lets them do their job better.

Trucking companies employ a variety of methods to seek out potential drivers. In the Texas Trucking Alliance study, companies that expected sales increases and large companies were more likely to advertise online, whereas companies expecting weaker sales planned to stick with traditional newspaper advertising. In all cases, companies also tended to recruit new drivers by tapping the network of drivers that a company already has. “Truckers like to run with their own and so reaching out to their relatives and friends is a great way to get quality drivers,” the San Antonio trucking executive added. Working with friends and family gives a driver someone to turn to who understands what a driver faces day in and day out when tough situations arise.

Future HR Research

TMTA and the Texas Trucking Alliance are researching the best practices in matching trucking jobs to job candidates. A key area of focus is how to increase awareness among new workers entering the job market including college graduates. “The industry needs to do a better job in reaching out to those individuals and find better ways to promote itself as a legitimate and viable career opportunity” says Todd Wright of Business Financial Group Risk and Benefits Management, LLC. “The starting salaries of drivers are above the average starting salaries of many other industries that typically attract college graduates. The key to solving the driver shortage is to identify new and better ways to attract and train new drivers.”