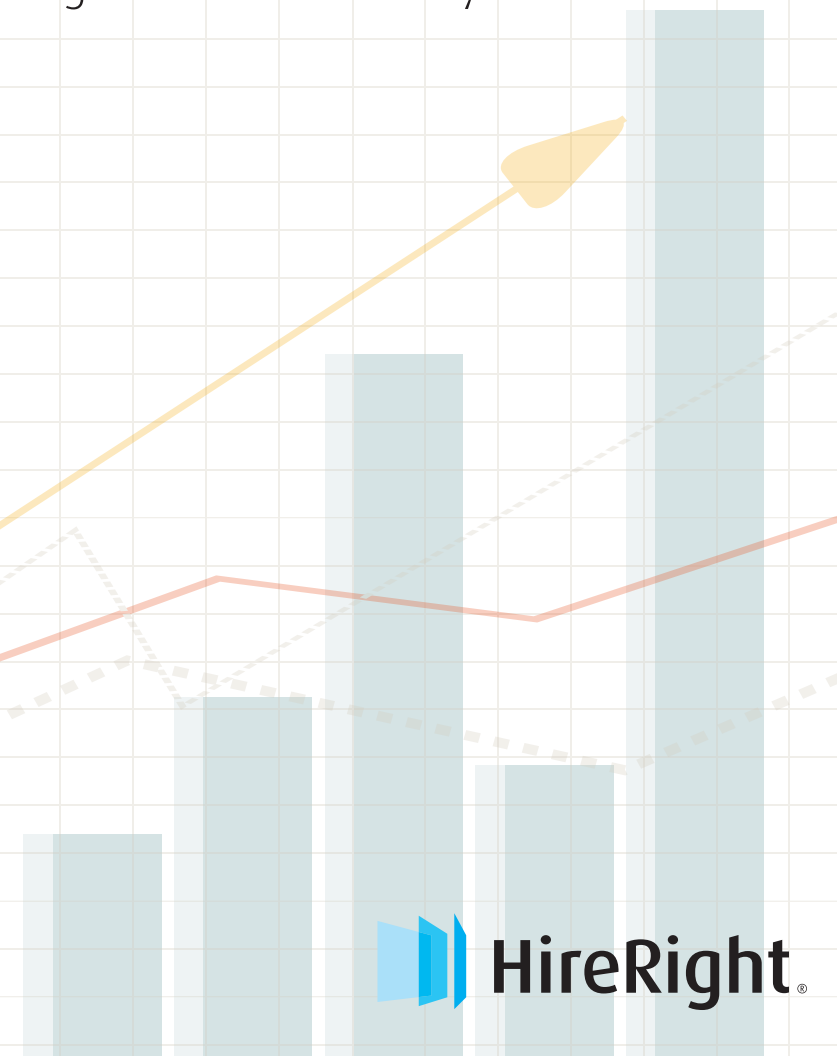




2016

Transportation Spotlight

From the HireRight Employment
Screening Benchmark Survey



About the Report

The ninth annual HireRight Employee Background Screening Benchmark Survey includes input from human resource, recruiting, safety and security professionals geographically dispersed throughout the United States. The report provides valuable insights on key industry trends and best practices in background screening. A complete review of the methodology can be found in the Survey Overview and Methodology section at the end of this report.

Key Themes



Finding and retaining qualified employees remains a major challenge as more drivers are reaching retirement age and the ability to attract a younger audience is difficult.



Pre-employment screening continues to play an important role in improving the quality of hires.



Compliance Safety Accountability (CSA) and increasingly stringent DOT medical guidelines may exacerbate the driver shortage.



Organizations are increasing their use of multi-pronged recruiting strategies with an emphasis on digital technologies.



The drop in fuel prices and surge in spot market rates have enabled organizations to increase driver pay and replace tractors, which are two of the top retention tactics identified in the survey.



Many fleets are changing pay models and increasing their use of creative performance-based bonus plans.



Carriers are rotating through the same employees – drivers are jumping from carrier to carrier with very few new entrants into the labor pool. The industry has historically struggled to attract all segments of the population as just 5.8 percent of truck drivers are women and only 38.6% are minorities.¹

¹<http://www.trucking.org/ATA%20Docs/News%20and%20Information/Reports%20Trends%20and%20Statistics/10%206%2015%20ATAs%20Driver%20Shortage%20Report%202015.pdf>

Driver Shortage Remains Top Concern in Growing Economy

85%

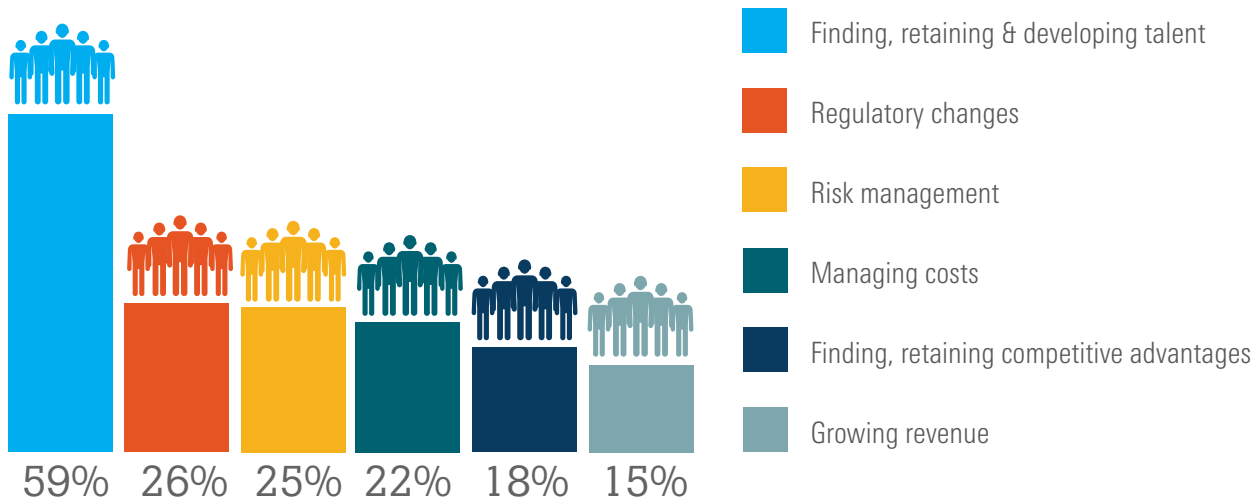
of transportation survey respondents expect their workforce to grow in 2016, and a third (33%) expect an increase of three to five percent.



Truckload volumes will expand **2.1%** per year from 2017 to 2021, and **1.2%** per year from 2022 to 2026. Less-than-truckload (LTL) volume is forecast to rise from 165.1 million tons in 2016 to 192.4 million tons in 2021 and 216.5 million tons in 2026. Private-carrier volume is slated to expand **2.2%** per year in 2017–21, and **1.0%** per year in 2022–26.²

The driver shortage is expected to worsen during 2016. The two primary reasons for this shortage include retiring personnel and growth within the trucking industry. According to the ATA, if the current trend continues, the shortage could surge to almost 175,000 by 2024.³

Top Business Challenges



Average number of new drivers needed per year over the next 10 years = 96,178⁴

Reasons For New Drivers

- 37%—Retirement
- 36%—Industry Growth
- 16%—Non-Voluntary Departures
- 11%—Voluntary Departures

² American Trucking Associations Report: 2015 American Trucking Forecast to 2026—www.ATABusinessSolutions.com

³ Truck Driver Shortage Analysis 2015 ATA—<http://www.trucking.org/article.aspx?uid=ad3cff3e-7c8b-400f-8c68-afbf3dde6898>

⁴ ATA Benchmarking Guide for Driver Recruitment and Retention—www.atabusinesssolutions.com

Finding and Retaining Drivers Tops the List for 2016 Planned Investments

- » Transportation organizations are continually looking for innovative and cost-effective ways to attract and retain talent.
- » Roughly a third of the respondents are investing in improving the candidate experience from application through onboarding (34%), creating a positive corporate culture (32%), and developing effective employee training programs (30%).

2016 Planned Investments



Direct Investments in training programs and career pathing can help support better driver engagement.

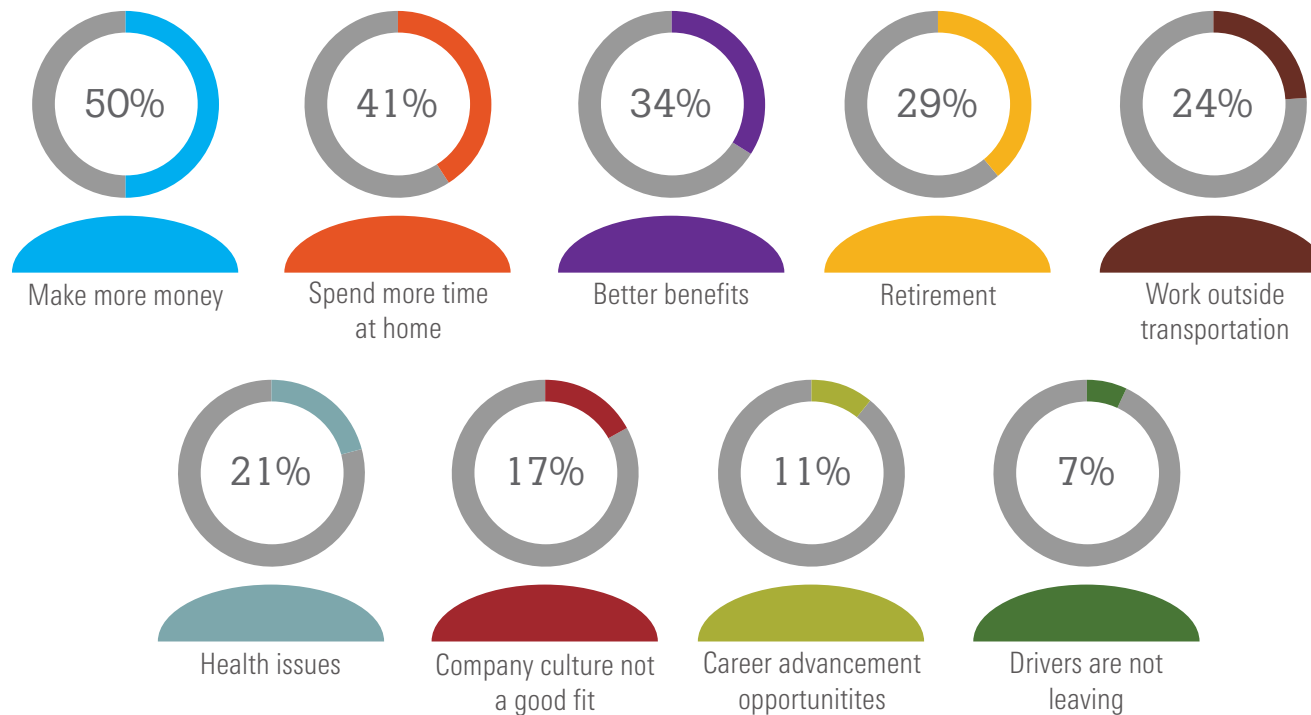


Social media can help improve brand awareness and build brand identity. Connecting on a social level or showing personality may be effective ways to help your brand resonate with a younger audience.



Primary Reasons Drivers are Leaving

- » Half of the survey respondents cited pay as the number one reason drivers are leaving, followed closely by spending more time at home and better benefits.
- » Many drivers are leaving to work in other industries due to the challenges of dealing with heavy regulations (i.e. electronic logging systems, hours-of-service, stringent health requirements).



The median age of an over-the-road truck driver is **49**, compared to **42** for all U.S. workers. Private fleet drivers are even older with a median age of **52**.⁵

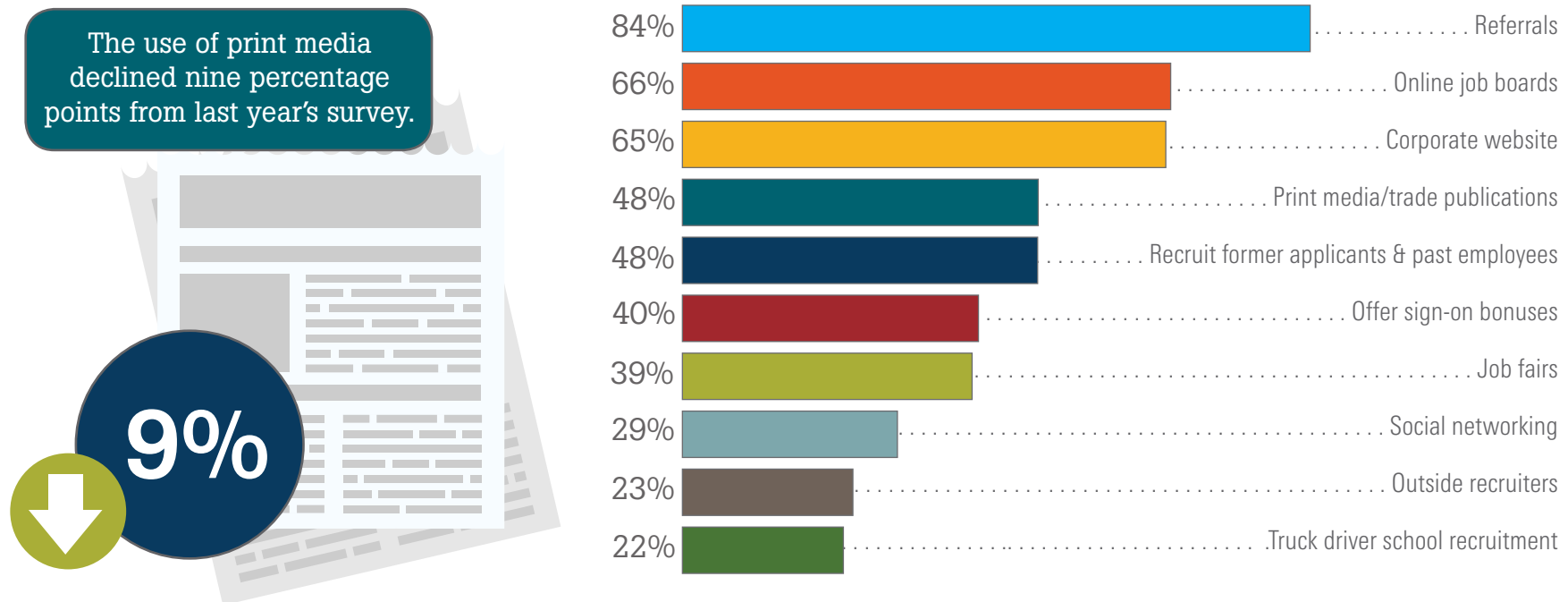
As the driver population ages, the industry is losing individuals because they can no longer re-certify after DOT physicals due to health

⁵ <http://www.trucking.org/ATA%20Docs/News%20and%20Information/Reports%20Trends%20and%20Statistics/10%206%2015%20ATAs%20Driver%20Shortage%20Report%202015.pdf>

Increased Use of Digital Recruiting Tactics Attracts Younger Audience

- » While referrals are still the number one recruiting methodology, more organizations are utilizing digital channels to increase their reach and branding efforts.
- » Larger organizations responding to the survey tend to use multiple recruitment channels and methodologies, and are more heavily focused in the digital arena – online job boards (87%), corporate websites (96%), and social networking (52%)

Recruiting Tactics

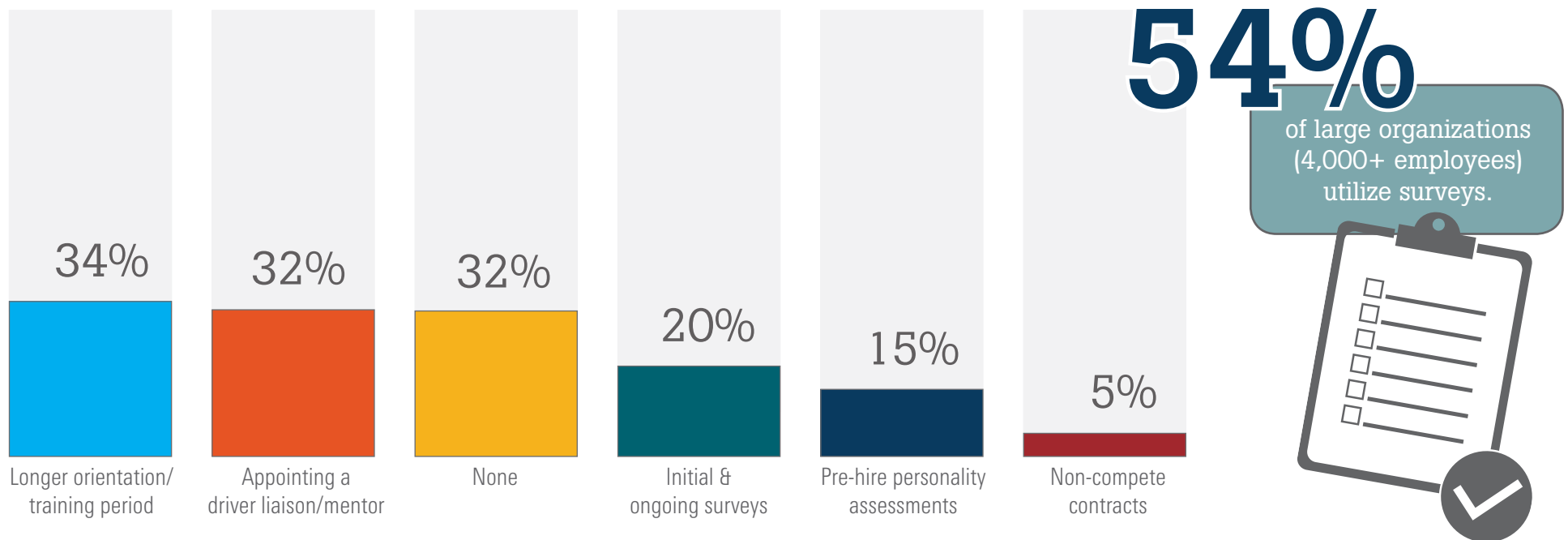


A noticeable shift is occurring from primarily recruiting active drivers looking for a new job to engaging more passive driver candidates through the use of digital channels.

Driver Retention and Engagement Starts During the Onboarding Process

- » Ninety percent of drivers decide whether they will stay at an organization within the first six months on the job.⁶
- » More than a third (34%) of the respondents conduct longer orientation/training programs. Proper training can shorten a driver's learning curve, increase productivity, improve job satisfaction and retention, and facilitate better communication between drivers and managers.
- » Driver liaisons are used by 44% of organizations with 500+ employees.

What retention tactics are you using for new hires?



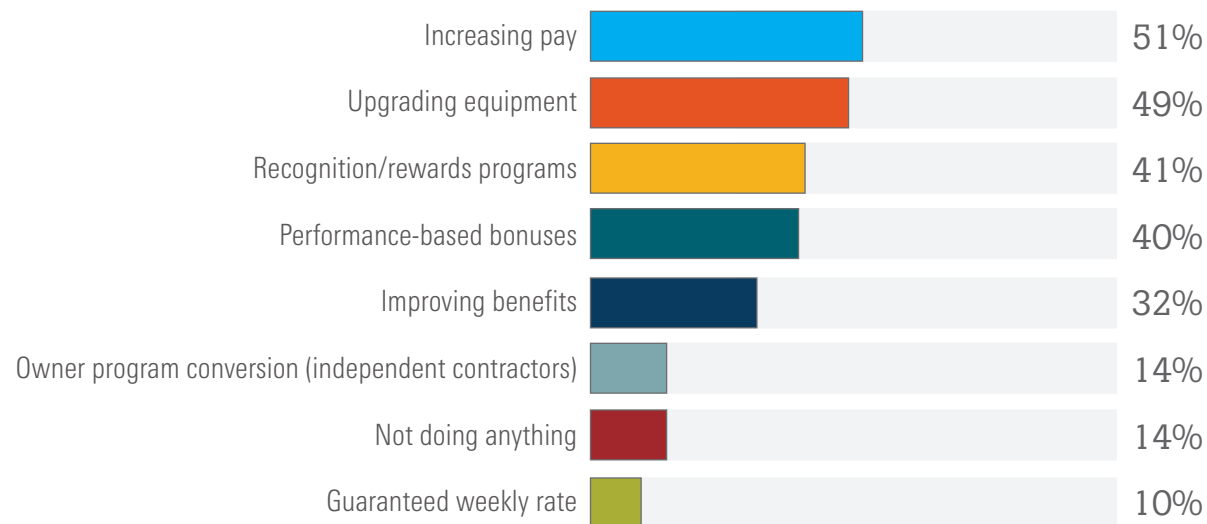
Surveys can help assess new driver's expectations of the organization, their work, their manager, compensation and benefits. The results may alert organizations to any concerns before they become a problem and the driver leaves.

⁶ <http://www.truckdriverretention.com/2015/04/the-4-essential-aspects-of-successful-driver-onboarding/>

Significant Salary Increases Being Used to Retain Drivers

- » Increasing pay remains the number one monetary tactic for retaining drivers and is used by almost three-quarters (73%) of large organizations (4,000+ employees) responding to the survey.
- » To address driver pay inefficiencies, many organizations are negotiating with shippers to cut wait times and/or get detention pay to help drivers make up for lost time.⁷
- » While the overall percentage of respondents who plan on upgrading equipment this year remained fairly consistent with last year's findings (47% in 2015), there was a significant drop (-37%) in planned upgrades among larger organizations (4,000+ employees).

Monetary Retention Activities



Some creative performance-based pay plans may include:

- » longevity
- » safety
- » fuel-efficiency
- » job mastery
- » customer satisfaction

8%

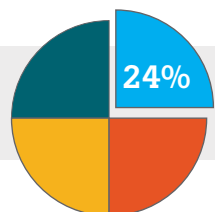
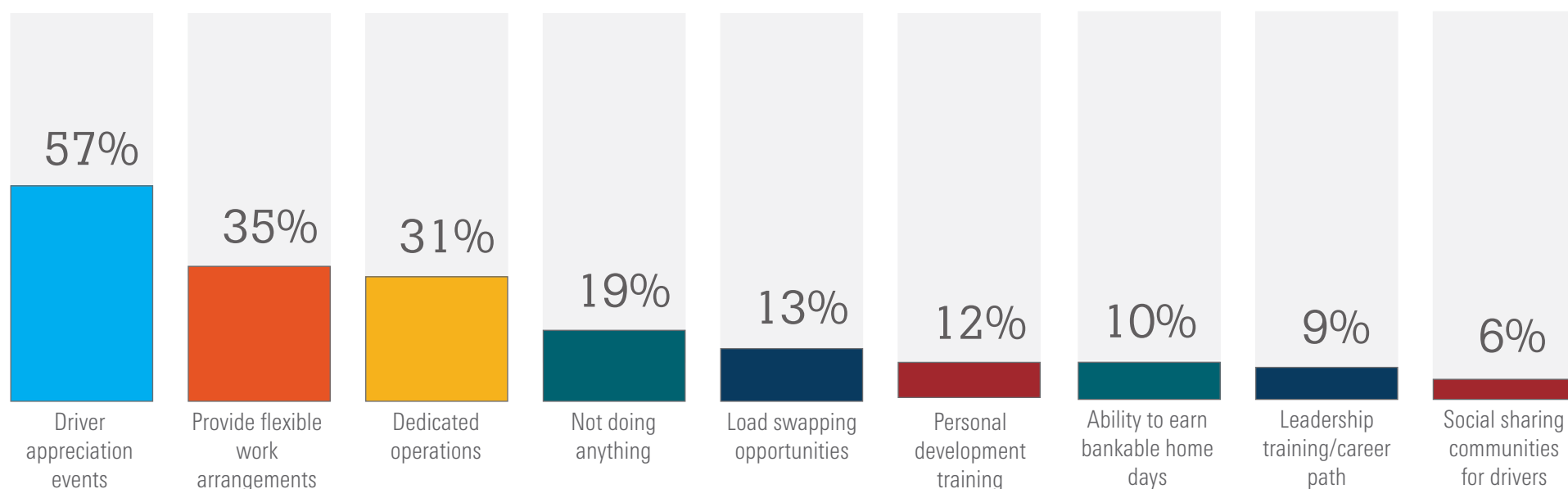
of respondents stated they offer profit-sharing plans to retain drivers.

⁷ <http://www.truckinginfo.com/article/story/2015/02/driver-dilemma-how-important-is-pay.aspx>

It's All About Delivering a Positive, Driver-Centric Environment

- » The use of driver appreciation events increased six points from last year. These events are an easy way to start building engagement with your community of drivers.
- » Larger organizations (4,000+ employees) had significantly higher response rates for driver appreciation events (86%), dedicated operations (82%), and leadership training (51%).
- » Smaller organizations (1-99 employees) were more apt to provide flexible work arrangements (45%).

Non-Monetary Retention Tactics



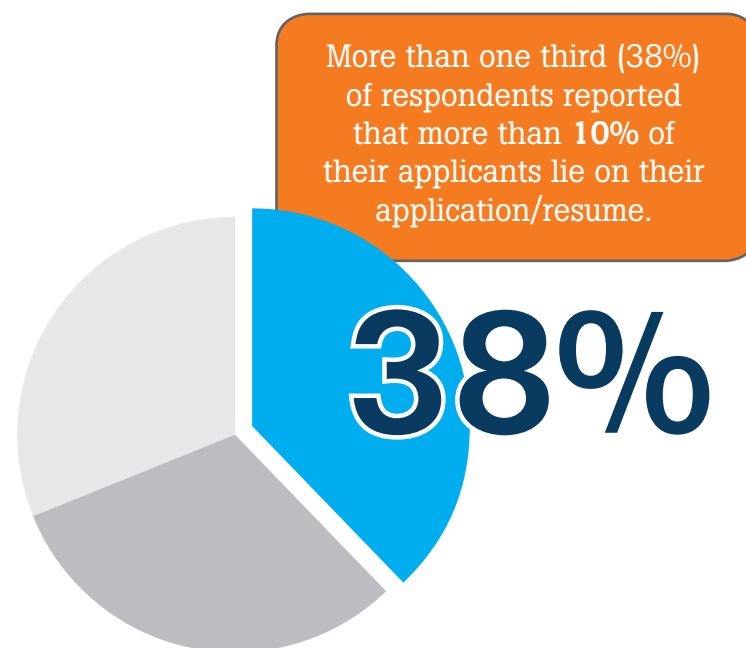
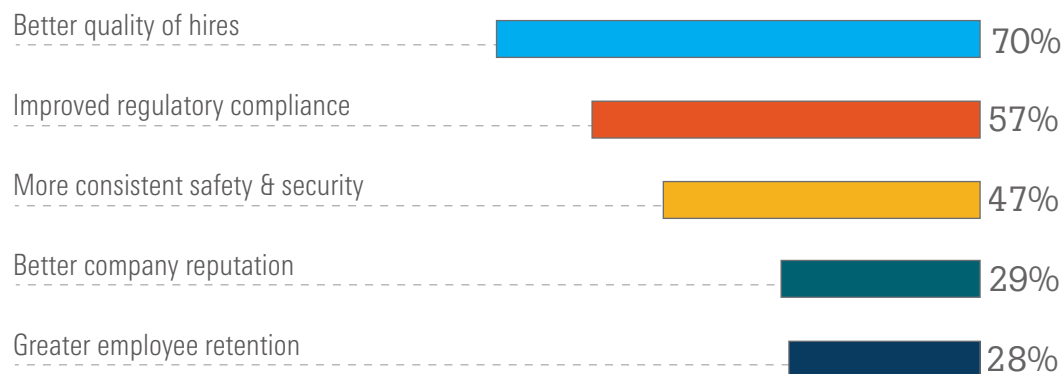
Almost a quarter (24%) of the organizations (500-3,999 employees) offer the ability to earn bankable home days



Screening Improves Quality of Hires

- » Eighty-seven percent of survey respondents stated that screening uncovered issues that would not have been caught otherwise.
- » Contingent, contract or temporary workers are screened by 96% of transportation respondents (up nine percentage points from 2015 results).

Benefits from Screening



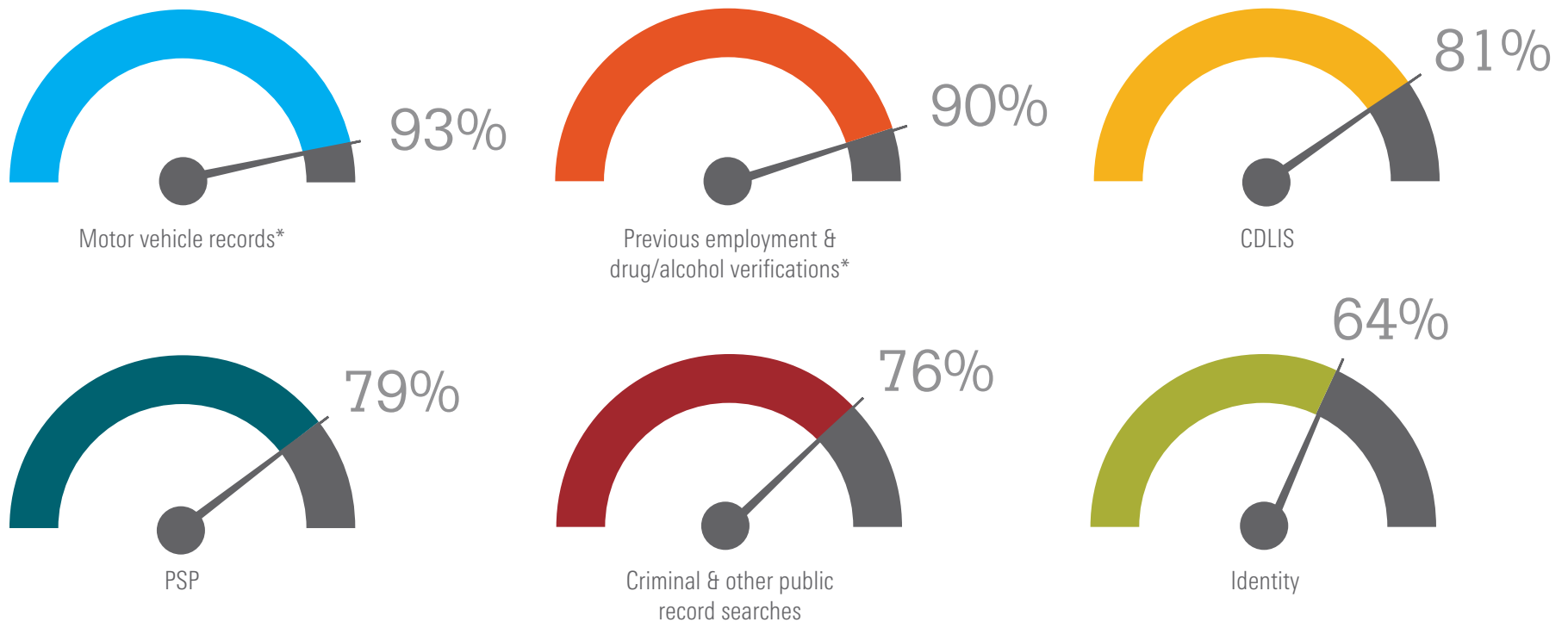
18%

of survey respondents screen employees who are promoted or changing roles.

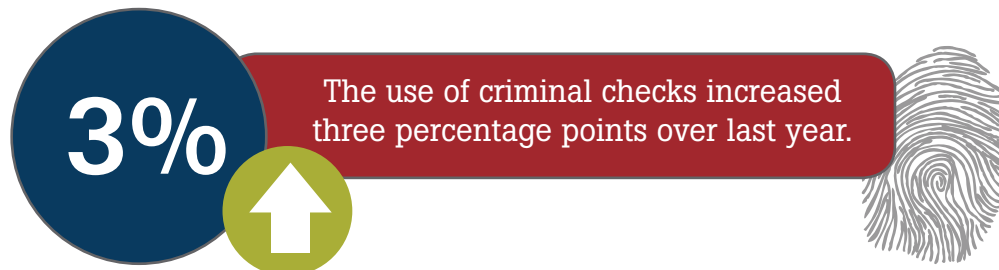


Background Checks Conducted

- » The Federal Motor Carrier Safety Administration (FMCSA) requires employers to obtain a motor vehicle record from every state in which a driver-applicant has held a license during the past three years. In addition, employers are also required to attain a three-year work and drug/alcohol history on all applicants.
- » PSP (Pre-Employment Screening Program) continues to increase in popularity each year as it provides five years of crash data and three years of roadside inspection data on prospective drivers.



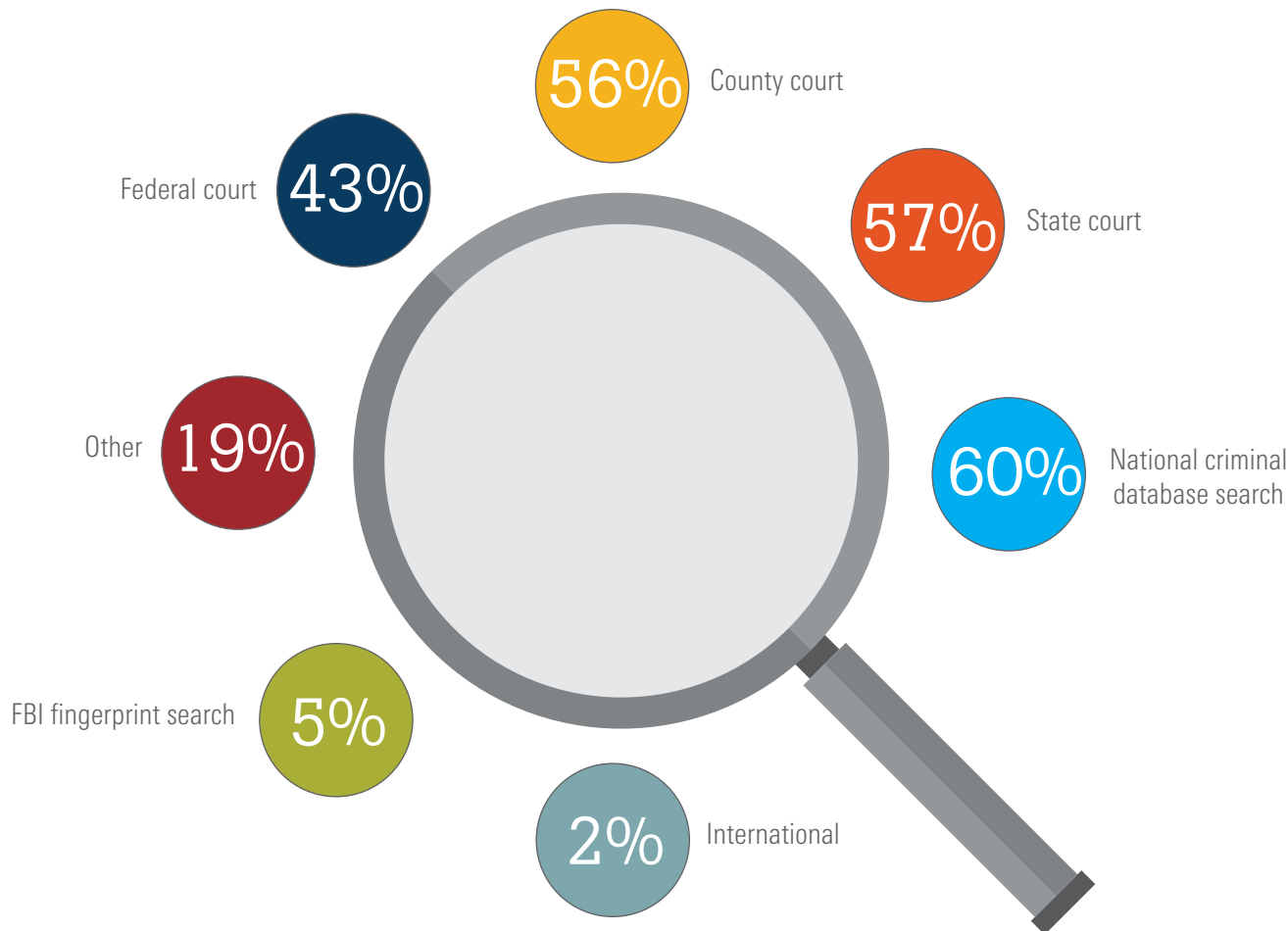
*Required checks by FMCSA



Types of Criminal Checks Performed

» Conducting criminal checks may help reduce the risk of criminal behavior in the workplace and related civil liabilities.

The Equal Employment Opportunity Commission (EEOC) does not prohibit the use of criminal background checks. Their intent is to ensure that hiring policies do not include blanket exclusions of people with criminal records. All candidates with a criminal history should be afforded an individualized assessment of the results of their background check.



EEOC has published guidance describing the “Green Factors” that must be considered in reviewing and considering conviction records in decisions regarding employment.⁸

1. The nature and gravity of the crime
2. The time that has passed since the offense and/or completion of sentence
3. The nature of the job held or sought.

⁸ http://www.eeoc.gov/laws/guidance/arrest_conviction.cfm

DOT Regulated Drug Testing

- » While mandatory drug testing is required for all DOT regulated employees, 48% of respondents test all non-DOT positions and an additional 34% plan to start testing all positions.
- » Four percent of respondents utilize hair testing for illicit drugs even though this form of testing is not approved as an alternate specimen by the Department of Transportation.



Urine

97%



Breath alcohol test

61%



Saliva

5%



Hair

4%



Blood

3%

Consider evaluating alternative specimens for employees and applicants if Medical Review Officer verified positive rates are lower than three percent. This may indicate potential drug tampering.

Interest is increasing in finding ways to deter drug abuse – as opposed to just identifying specific users.



FMCSA Long Form Exam Review Process

- » In a DOT regulated environment, organizations are required to hire drivers that meet the minimum FMCSA medical standards.
- » Close to one half (43%) of respondents use an internal safety team member to review the FMCSA long form to assure that drivers meet the minimum medical standards.
- » Thirty percent depend solely on the certified medical examiner and do not review the long form.

9%

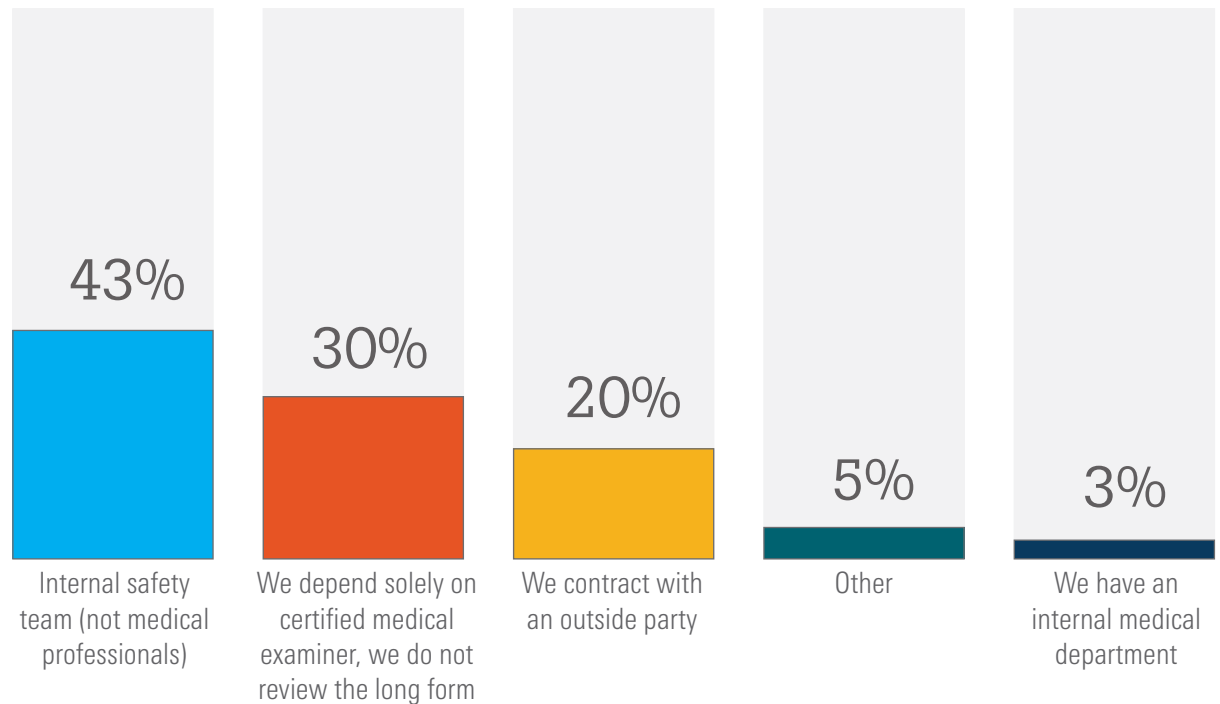
of HireRight 2015 medically reviewed FMCSA exams remained flawed from a compliance perspective despite the exam being completed by a certified medical examiner.

6%

of the flawed exams have medical conditions noted that prohibit driver medical qualification



Who reviews FMCSA long form exams to assure drivers meet the minimum medical requirements?



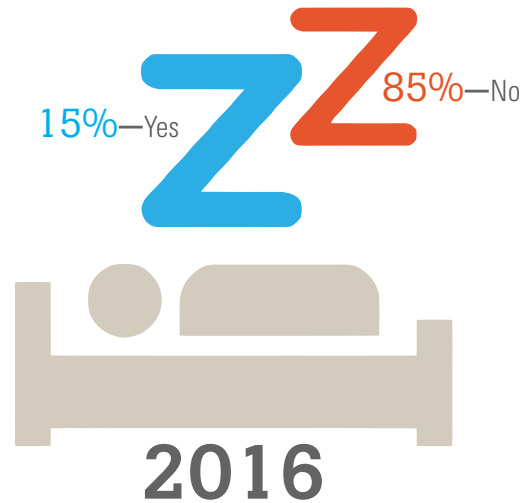
Wellness Programs Boost Drivers Health and Foster Driver Retention

- » Decreased health care and worker's compensation costs, and improvements in safety records are just a few of the reasons to invest in a wellness program.⁹

The FMCSA recommends that if a medical examiner believes the driver's respiratory condition is in any way likely to interfere with

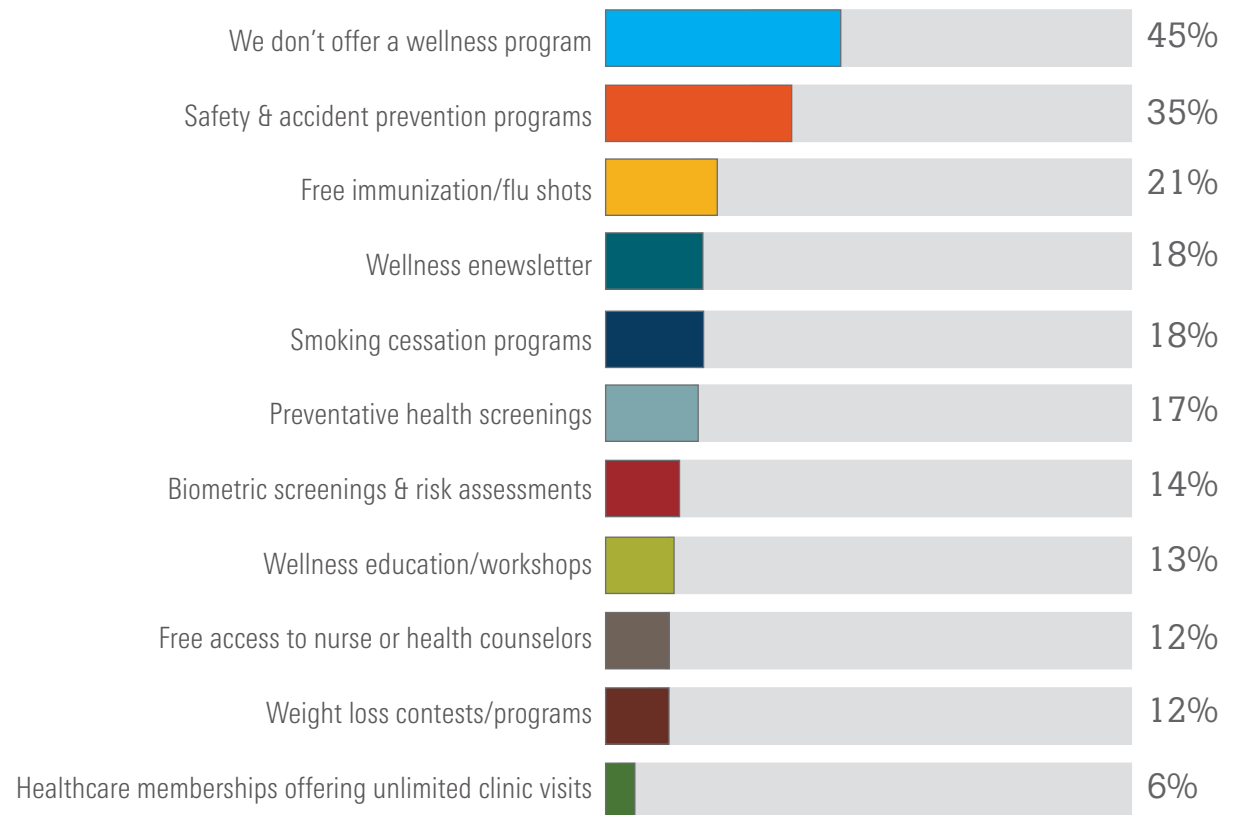
- » the driver's ability to safely control and drive a commercial motor vehicle, then the driver should be referred to a specialist for further evaluation and therapy.¹⁰

Plan on Partnering with Sleep Study Screening and Treatment Vendor



Wellness programs are a relatively new benefit that motor carriers are starting to offer their drivers.

Workplace Wellness Benefits Offered



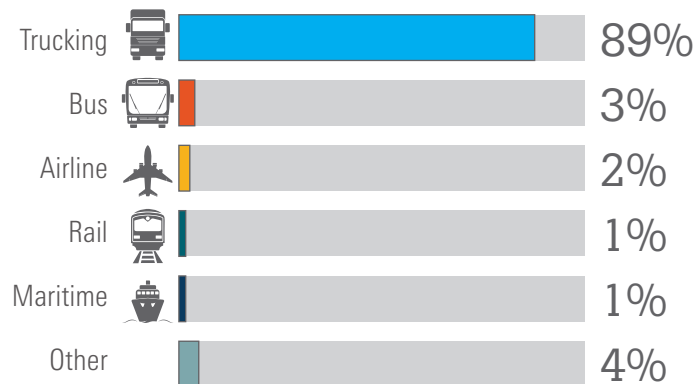
⁹<https://ohsonline.com/Articles/2011/07/01/Time-to-Upshift-on-Driver-Wellness-Programs.aspx?Page=2>

¹⁰<https://www.fmcsa.dot.gov/regulations/medical/obstructive-sleep-apnea-and-commercial-motor-vehicle-driver-safety-executive>

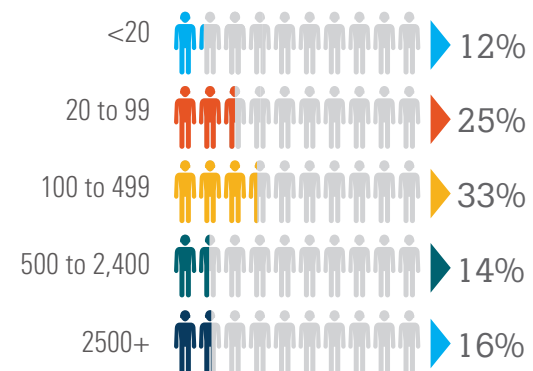
Survey Overview and Methodology

The HireRight 2016 Annual Employment Screening Benchmark Report is based on a survey of 2,203 U.S. based respondents. Of the total survey respondents, 21% indicated that their primary industry was transportation. The results in the report were compiled from those respondents.

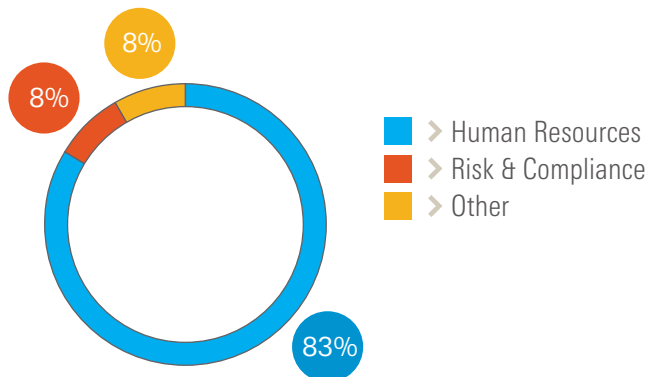
Transportation Modes of Business



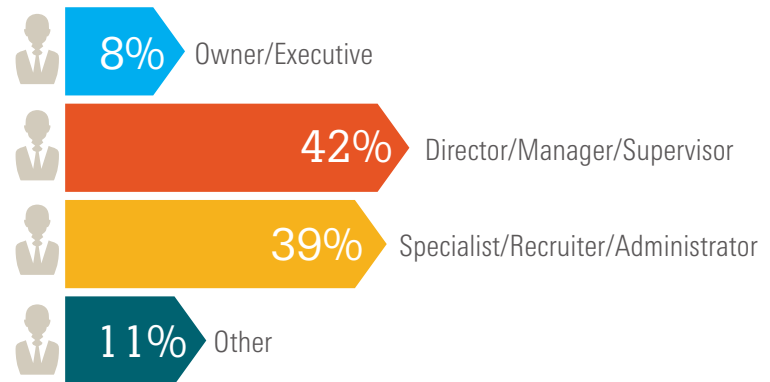
Size of Workforce



Business Area



Primary Role



About HireRight

HireRight is a leading provider of on-demand employment background checks, drug and health screening, and electronic Form I-9 and E-Verify solutions that help employers automate, manage, and control background screening and related programs. More than 9,500 transportation companies trust HireRight because the company delivers customer-focused solutions that provide greater efficiency and faster results. HireRight also provides pre-integrated background screening services through applicant tracking systems from providers such as Oracle, IBM, SAP, SilkRoad, Avatar, EBE, and Tenstreet.

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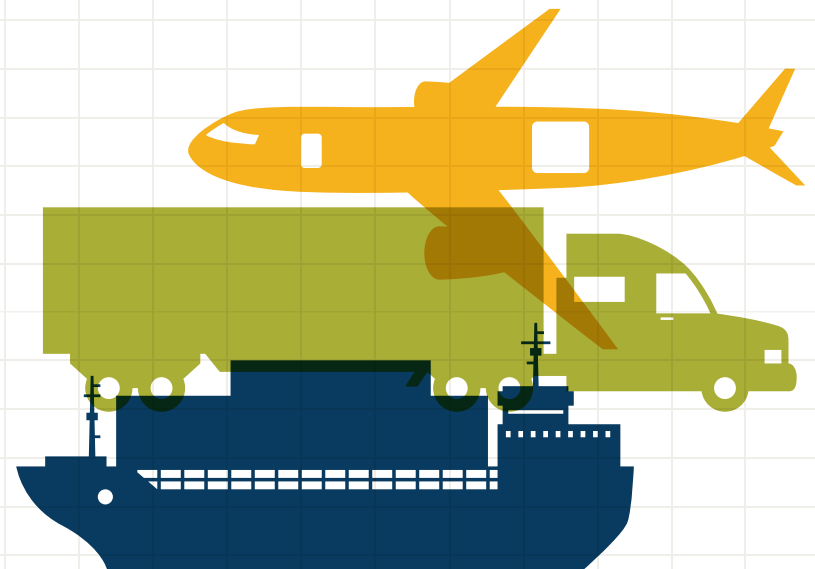
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