

Cargo Handling By Truckers And Competitive Advantage: Is There A Relationship?

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ABSTRACT

The transportation industry is one of the largest employers in the United States. In fact, employment in the transportation industry is expected to increase from 4,205,000 jobs in 2002 to 5,120,000 jobs in 2012, an increase of 914,000 jobs, with truck drivers, including heavy and tractor-trailer drivers adding 337,000 new jobs (U.S. Bureau of Labor Statistics, 2006 and NAICS Industry Data, 2004). Truck drivers are a valuable and unique resource in today's economy because companies rely on trucks to pick up and deliver merchandise. No other mode of transportation delivers door-to-door. While some goods may travel most of the way by ship, train, or airplane, almost every good is carried by truck at some point en route to its destination. (West, 1-46)

LOGISTICS SERVICES AND COMPETITION

*L*ike most industries, the transportation and logistics business is challenged by increased competition and firms within the industry continue to explore ways to remain competitive and profitable. As *Standard & Poor's* reports, "...the trucking industry will stay highly fragmented, which we believe will cause it to remain quite competitive in the longer term, with new capacity eventually pulling profitability down to historical industry levels" (West, 1-46).

Researchers and corporations also have become increasingly aware of the strategic role logistics services play in a firm's overall success (Bienstock , 40-47; Mentzer, 82-105). Anecdotal evidence from firms such as Dell Computer Corporation, Nabisco, and Federal Express suggest that logistics excellence has a significant impact on revenue and profitability (Mentzer, 29).

Firms have moved away from viewing logistics as simply an area for cost improvements to viewing logistics as a key source of competitive advantage within a firm's total market efforts (Albert, 1139-53; Rodrigues, 1-17). In his article addressing a new model for assessing perceived service quality, Spiros Gounaris commented, "the level of quality... a firm delivers its service to industrial customers has also become a central issue" (421-36). The transportation industry has a never-ending need for high-performing drivers - people who will come to work, stay at work, observe safety standards and follow industry and company policies (Hogan, 9).

Many reviews of the literature address numerous aspects of transportation performance quality, but few of these investigations address the role and impact that truck drivers have on service-quality perceptions (Vansickle, 50-53). However, as this research demonstrates, drivers have a significant impact on how companies view the service and quality of their suppliers.

CHALLENGE TO THE INDUSTRY

The purpose of this study is to examine whether cargo handling by truck drivers has a far-reaching effect on a company's competitive advantage. About half the drivers with US trucking firms leave their jobs within three months of starting them. Additionally, for firms concerned with driver reliability, personal communication skills,

and appearance, high turnover of drivers can harm company performance ("Why do truck drivers speed away from the company," 32-33).

Concerns over driver availability continue to challenge the Truck Load (TL) industry (Prokopy, 14-16). An economic upturn has increased demand for TL freight transportation (Carey, 1), and trucking companies are finding it more difficult to expand their fleets because high driver turnover rates. Turnover rates can exceed 100% a year, with the typical cost of driver replacement running from \$4,000 to \$6,000 (Prokopy, 14-16).

Many companies are finding it extremely difficult to recruit and retain drivers. Chronic driver turnover can harm a firm's competitiveness through disrupted delivery services, underutilization of expensive equipment, and excessive recruiting expenses ("Why do truck drivers speed away from the company," 32-33). The trucking industry has changed. Increased industry and insurance regulations have force many firms to invest heavily in training. Today, truck driver training has become a perpetual activity that includes regular refresher courses for even the most experienced drivers and remedial work to correct specific problems. In other words, the process of driver training is no longer something that is completed (Leavitt, 2a-5).

Therefore, this study will examine the implication of truck driver behavior on service-quality. This study is designed to assess both the employers' and also the customers' perceptions of how drivers behave on the job, including the relationships that exist between the drivers' employer, and the end customer. As a result, a perception gap between service and quality, as they relate to driver performance will be addressed. This researcher posits there are many variables that impact a driver's behavior and influence his or her efficiency and effectiveness in delivering superior service to the end user.

INSTRUMENT USED TO TEST THE HYPOTHESIS

Such industry concern for driver training and retention programs causes this researcher to ask the question, *Does Truck Driver Behavior impact Service Quality?* To help answer this question and test the hypothesis this researcher used the SERVQUAL instrument developed by Parasuraman and his colleagues (Parasuraman, 1985, 41-50). The Extended Service-quality Model was further developed by Parasuraman in 1993 (Parasuraman, 1993, 12-41) and specifies a set of factors that are theorized to contribute to a series of four organizational gaps that may contribute to the size of the service-quality gap perceived by customers.

The dominant conceptualization of service-quality in the service management literature is that service-quality is the gap between the customer's expectations for service (what a customer feels a service firm should offer) and the customer's perception of the service performance that was delivered by a firm. This gap between expectations and perceptions is often referred to as the disconfirmation construct of service-quality, and it is frequently measured by Parasuraman's 22-item SERVQUAL instrument (Parasuraman, 1985, 41-50).

SERVQUAL provides management and other key players with feedback about the organization's ability to provide quality service. The results of a service-quality audit assist management in identifying service strengths and weaknesses (gaps). The benefit to the organization is that specialized departments, such as Marketing and Human Resources, are able to support the business plan's focus on customers by continuously listening to the customer - using a service-quality information system - and making needed changes to the following five key dimensions that influence customers' perceptions of service-quality.

Parasuraman, Zeithaml, and Berry's instrument (Parasuraman, 1988, 12-40) can be summarized as follows. They first framed service quality as a discrepancy construct. They then suggested that customers make service-quality judgments on the basis of five factors (tangibles, reliability, responsiveness, assurance, and empathy). Furthermore, they assumed that customers use the expectancy-disconfirmation paradigm to compare their expectations on the five factors (quality dimensions) with their perceptions of the service delivery. Parasuraman, Zeithaml, and Berry made operational the expectancy-disconfirmation process by subtracting customer ratings for service-delivery perceptions from their service expectations (also called gap scores). Therefore, establishing the gap

scores for commercial transportation customers would provide insight into the relative strengths and weaknesses of individual trucking firms, their drivers, and the drivers' training needs.

Preliminary interviews were conducted with an assortment of warehouse managers, transportation managers, operations managers, traffic managers, dispatchers, logistics managers and training managers. These individuals unanimously agreed that the industry, in general, needed to raise the level of truck driver performance. A modification of the original SERQUAL instrument was developed and professionals responsible for hiring, supervising, and training drivers at 100 South Florida companies were contacted and administered the instrument. While the size of these companies ranged from under fifty employees to over 1000, and while some were independently owned and operated while others were publicly traded, all firms agreed: *truck driver performance needed to improve*. Further research is underway to establish whether driver performance could adequately be measured and how that performance impacts the service-quality perspectives of transportation professionals.

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