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## Factor Market Rivalry, Factor Market Myopia, and Strategic Blind Spots: The Case Of The Truck Driver Labor Market

Stephen A. LeMay

*University of West Florida, slemay@uwf.edu*

Dave McMahon

*Pepperdine University, dave.mcmahon@pepperdine.edu*

John Batchelor

*University of West Florida, jbatchelor1@uwf.edu*

Batchelor Keller

*University of West Florida, skeller@uwf.edu*

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# **FACTOR MARKET RIVALRY, FACTOR MARKET MYOPIA, AND STRATEGIC BLIND SPOTS: THE CASE OF THE TRUCK DRIVER LABOR MARKET**

**Stephen A. LeMay**  
**University of West Florida**

**Dave McMahon**  
**Pepperdine University**

**John Batchelor**  
**University of West Florida**

**Scott Keller**  
**University of West Florida**

## **ABSTRACT**

This article explores the relationships among factor market rivalry, factor market myopia, and strategic blind spots in the context of the labor market for truck drivers. Levitt (1960) developed the concept of market myopia to explain how managers often overlooked key competitors in product markets. Trucking managers might do the same thing in looking at competition for truck drivers. Factor market myopia and strategic blind spots help to explain how this happens, and how it becomes more severe in the context of factor market rivalry. In the trucking industry, factor market myopia and strategic blind spots may mean that managers overlook competition for workers who not only can drive trucks, but can also do many other jobs. We find that the labor market for truck drivers offers important lessons on the practical and theoretical ways in which these ideas interact.

## **INTRODUCTION**

Levitt (1960) first described classic marketing myopia, and Porter (1984) identified substitutes as a force to be considered in developing organizational strategies, but both focused on the sales side of a product market rather than the factor markets. For clarity, a product market refers to a place where goods and services are bought and sold. A factor market refers to the employment of factors of production, such as labor or talent, capital, and land. The cola wars are a good example of what Levitt and Porter identified on the sales market side. Coca-Cola and Pepsi focused so much on each other and defined their space as carbonated sugar water that they overlooked the real substitutes from the customer's perspective: bottled water and fruit drinks. This original version of myopia failed to recognize substitutes and resulted in billions of dollars in acquisition costs that could have been spent on development. A similar phenomenon

occurs in logistics human resources (LHR). Further compounding the issue is the reality that shortages aggravate the effects of three key forces in factor markets: factor market rivalry (FMR), factor market myopia (FMM), and strategic blind spots (SBS). This aggravation is on full display in a key factor market in transportation: truck drivers.

In this paper, we begin with a brief review of the literature on factor market rivalry (FMR), factor market myopia (FMM), strategic blind spots (SBS), and the interactions among them. Then, we examine the conditions that create real and perceived shortages in the truck driver labor market. We also describe this labor market in terms of the research and current conditions. We then develop a series of propositions about the relationship between these constructs, using the truck driver market as an example of how their interplay affects the behavior and factor market success of firms in the trucking industry. We call for further research to confirm, dismiss, or modify these propositions.

## LITERATURE REVIEW

In this literature review, we discuss the key concepts in order of breadth for the most part. From an organizational perspective, strategic blind spots (SBS) is the broadest concept. SBS can appear in any part of an organization's strategy, not just in factor markets. The next broadest concept is factor market myopia (FMM) from an organizational perspective, followed by labor market myopia (LMM). However, we inject factor market rivalry (FMR) second, keeping in mind that it is distinct from the other concepts. SBS, FMM, and LMM are all organizational conditions. FMM and LMM may be considered symptoms of SBS.

Table 1 shows the definition of each concept that we use in this analysis, along with its source or sources and its abbreviation. FMR, FMM, and LMM have definitions from single sources. SBS is a combination of definitions from several sources.

### Strategic Blind Spots (SBS)

We define SBS as flaws in a top management team's (TMT) interpretation of its environment based on false assumptions or cognitive biases. We

developed this definition from a more complex analysis by Ng et al. (2009). They discussed interpretive biases that 'blind' TMTs from accurately perceiving customers or competitors with differing perceptions and interpretations of the same phenomena (Ng et al., 2009). This leads to gaps or blind spots in a firm's strategies. The definition varies when the TMT is placed in a competitive situation, as the following discussion points out.

Zajac and Bazerman (1991a, 1991b) introduced the concept of strategic blind spots (SBS) in the management literature. They focused on competitor analysis and the misperception of a competitor's decision-making. Their perspective was unique because they combined two research perspectives on strategy: 1) industry and competitor analysis, which emphasized decision outcomes, and 2) strategic decision making, which usually emphasizes behavior. As they point out, these two perspectives are not independent of one another. They explicitly define strategic blind spots as "in competitive situations, strategic decision makers typically do not sufficiently consider the decisions of competitive others and that this deficiency leads to a variety of specific judgmental mistakes . . ." (Zajac and Baserman, p37-38)

**TABLE 1**  
**DEFINITION OF KEY TERMS**

Concept	Abbreviation	Definition	Sources
Strategic Blind Spots	SBS	Flaws in a top management team's interpretation of its environment based on false assumptions or cognitive biases.	Developed from Ng, et al., (2009.)
Factor Market Rivalry	FMR	"...competition over resource positions."	Markman et al. (2009) p. 423.
Factor Market Myopia	FMM	Sources of a firm's resources are defined too tightly or solutions to problems conceptualized too narrowly.	Ralston et al., (2017)
Labor Market Myopia	LMM	Sources of a firm's labor are defined too tightly or solutions to labor problems conceptualized too narrowly.	Opengart et al. (2018)

This fits with the ideas of factor market myopia (FMM), labor market myopia (LMM), and factor market rivalry (FMR). In their view, a major blind spot for organizations is overlooking, ignoring, or misperceiving what a firm's competitors might be doing or thinking in factor markets. While FMM and LMM are not blind spots in this definition, they would seem to aggravate blind spots and increase the likelihood that strategic blind spots would occur. Burisch and Wohlgemuth (2016) point out that blind spots occur in dynamic systems, even when a firm has dynamic capabilities. The FMM and LMM clearly play a role here.

Weiland et al. (2020) point out that even research on supply chain sourcing overlooks major streams of research outside its narrow discipline, often ignoring research in economics, geography, political science, and other related disciplines. Given the reach of supply chains in general and transportation in particular, these oversights limit the theoretical understanding of factor markets and their behavior.

A major factor in strategic blind spots is personal, something that one assigns to an individual strategic decision maker: it is easier to see bias in others than to see bias in oneself (Pronin, Lin, & Ross, 2002). There is little doubt that this human characteristic contributes to SBS, FMM, and LMM. Geiger and Antonacopoulou (2009) examined blind spots and organizational inertia, which also play a role. Ben-Simane and Chaney (2014) explored a cognitive approach to sales markets, pointing out that non-consumers represent a major opportunity for businesses. FMM makes this point for factor markets. In both sales and factor markets, the individual difficulty in recognizing blind spots that result from biases seems significant. It seems that top management team's (TMTs) are also human.

In addition, the idea that TMTs in an organization tend to assume that rivals see the market in the same way that they see it. (Tsai, Su, & Chen, 2011). This is yet another aspect of SBS that causes TMTs to overlook what rivals are actually going to do or are doing, as opposed to your own organization's actions.

### **Factor Market Rivalry (FMR)**

In factor markets, firms seek resources that they need to operate. If a firm plans to provide customers with products and services, it must have the resources to do so, including human resources with the right knowledge, skills, and abilities (Schweiteman & Miller, 2016). Yet the ability to access or control resources remains a challenge (Ralston, LeMay, & Opengart, 2017). The fight for resources often takes place in a context where a single entity or a few entities control access to these resources (Markman, Gianiodis, & Buchholz, 2009). An example of this would be the truck driver labor market in large U.S. cities prior to deregulation in 1980. The Teamsters Union held sway over the market to such a degree that in 1968, when a researcher sought data on truck drivers, the officials at a trucking company directed him to the union. They told him that having the company name on a survey would assure that drivers did not respond, while backing from the union would assure many responses (Latta, 1968). Access to human resources is often a local phenomenon. While a company might fly an engineer with a rare specialty from a distant office to solve a technical problem, most truck drivers are hired locally, as are most lower level logistics personnel.

Some human resource literature focuses on the recruitment and retention of high performers, which is certainly a factor in recruiting attorneys or professional athletes (Benson, & Rissing, 2020). However, trucking firms need few 'superstars.' The factor market rivalry (FMR) in this market applies to routine positions. Driving over the road calls for competence, but a superstardom would be difficult to define. In other words, some truck drivers are better than others, but no one would argue that a 'super' truck driver would deliver so much more freight or perform so much better on measurable criteria that he or she would command a wage substantially higher than a driver who was at the hypothetical 80<sup>th</sup> percentile. The same applies to stevedores and fork truck drivers.

The factor market for truck drivers stretches along the supply chain. This means that qualified people

are likely to be available all along the supply chain, but it also means that qualified employers are available. Rivalry for people who qualify as truck drivers abounds; shortages exist in some parts of the labor market. In these situations, the highest levels of factor market rivalry (FMR) reside in transportation.

### **Factor Market Myopia (FMM)**

FMM is based on Levitt's (1960) market myopia. The article was published in the *Harvard Business Review*, a journal intended at the time for an audience of top managers. As such, it was more rah-rah than we expect in academic journals today. Many later writers have undersold the breadth of the concept, describing it as 'defining your business too narrowly' or giving the wrong answer to the question, 'What business am I in?' (Ballmer, 2011). These descriptions touch the surface of Levitt's concept, but deny him credit for the idea that organizations should be customer-oriented. This put Levitt at odds with economist John Kenneth Galbraith, who viewed marketing as a means of creating demand rather than discovering it. Galbraith also saw marketing as a means to sell consumers regardless of the organization's production (Galbraith, 1968; Grant, 1999). Regardless, the article remains important to both academics and practitioners.

One of the examples used in Levitt's article was the railroad industry, which he saw as strategically myopic to competition from other modes of transportation. In his view, railroads saw themselves as railroads, not transportation companies, so they overlooked competition from motor carriers, airlines, and water carriers (Levitt, 1960). The way firms view markets for potential employees can go astray in much the same way.

Ralston et al. (2017) introduced the idea of factor market myopia (FMM) as a natural derivative of Levitt's (1960) market myopia and Zajac and Baserman's (1991) blind spots in strategic decision making and competitor analysis. They defined FMM as a condition that develops "when the sources of a firm's resources are defined too tightly

or the solution to particular needs is thought of too narrowly" (Ralston et al., 2017, p 170), and Levitt's concept of marketing myopia has been shown to be present in many industries (Larsen, 2017; Wilkes, 2020; Sousa, et al., 2018). Ralston et al. (2017) and Ellram et al. (2013) identified factor market rivalry (FMR) as affecting the way transportation strategists saw infrastructure, capacity availability, and human resources. These perspectives rely on a resource-based (RBV) view of the firm.

Southwest Airlines is a classic example of a firm that avoids factor market myopia (FMM). Unlike the railroads from Levitt's article, Southwest Airlines strategists clearly understood that they were in the transportation industry, not the airline industry. Consequently, they opened new markets with prices that were competitive with bus transportation or even private cars. Not only are they credited with avoiding market myopia, but also avoiding FMM, thus showing the possible interconnectedness of these two forces.

The concept of FMM was introduced by Ralston, LeMay, and Opengart (2017) and specifically applied to logistics personnel. It extended the use of Levitt's concept of marketing myopia. Opengart, Ralston, and LeMay (2018) broadened the application of FMM but narrowed its focus to labor markets with the concept of labor market myopia (LMM), a logical extension of the idea. Since the concept is relatively new, it will likely expand in other ways. Ralston and Blackhurst (2020) found that overcoming FMM and LMM plays a role in the development of supply chain resilience. Miller, Muir, and Bolumole (2020a) saw FMM as having an indirect effect on truckload freight pricing. In addition, Garver et al. (2019) saw it as affecting not only operational level employees but also recruiting new university graduates.

Ralston et al. (2017) and Opengart et al. (2018) determined the relationship between the factor market myopia (FMM) and factor market rivalry (FMR). In simple terms, FMM aggravates FMR, and FMR aggravates the effects of FMM, but each can exist without the other. Theoretically, it is possible for a firm to engage in FMR without

suffering from FMM. This is an ideal way to engage in such rivalry. By the same token, it is possible for a firm with few or no rivals to still suffer from FMM, often as a version of “this is the way we have always done it.” For example, logistics and other supply chain jobs still employ relatively few women, partly because firms do not recruit them, especially not for operational jobs. There is now a higher percentage of women driving trucks, but the percentage is still small, rising from 4.6% of drivers in 2010 to 6.6% in 2018 (BTS, 2021).

Other issues arise here. When firms overlook one subset of the labor market for a specific job, such as a truck driver, the people who make up that subset of the labor market may also overlook that as a potential job or career path. Product markets also affect the factor markets. The demand for local delivery drivers for grocery stores and restaurants has increased dramatically during the pandemic. It may be speculation to say so, but it is likely that the demand for delivery will diminish from its COVID peak, but remain higher than it was prior to the pandemic. The pandemic has also resulted in some changes in specific practices for drivers, so they have had to become adaptable.

Miller, Bolumole, & Griffis (2020a, b, & c) wrote three articles that appeared in the *Journal of Business Logistics* simultaneously, one cited earlier. They will be discussed more thoroughly in the section on the truck driver labor market.

### **SHORTAGES, PERCEIVED AND REAL: THE TRUCK DRIVER LABOR MARKET**

The primary narrative says that the labor markets for truck drivers experience shortages. Based on the behavior of principal organizations in each market, the perception of shortage is real, even if there is no shortage. Some forecasts for the need for truck drivers show long-term shortages, not to mention the current shortage (Schultz, 2020). No major forecasts show a surplus of truck drivers, but some argue that the current supply of truck drivers is adequate because all the freight is delivered (Banker, 2019).

However, even leaders of large organizations in big industries make decisions based on their perceptions. Based on the behavior of the leaders in the motor carrier industry, if the shortages are not real, they might as well be real. Firms act as though there is a national or even global shortage of truck drivers. In the past, major truckload trucking companies sent recruiters to homeless shelters, a story from one of the author’s interviews with large trucking firm executives. Many trucking companies put recruiting messages on their trailers, complete with phone numbers for contacting recruiters.

Top management at J.B. Hunt assumed that higher pay would result in lower turnover, so they increased pay for drivers by \$.05 a mile at a time when the typical rate was \$.25. It worked for approximately six months. Then, it stopped working. The decision was based on the top managers’ assumption that truck drivers were strictly ‘econs,’ rational economic decision makers who were concerned only with the economics of their jobs, not other things. The work of Miller et al. (2020b) suggests that such independent increases in wages also increase the rate of turnover because it makes it easier for drivers to find better jobs within the industry.

### **The Truck Driver Labor Market**

There was no perceived or real shortage of long-haul truck drivers until after deregulation in 1980 (Taylor and LeMay, 1988; LeMay and Keller, 2018). High levels of unionization protected the industry from shortages but also raised labor costs. These conditions were fostered by government policies, especially regulatory regimes (Hamilton, 2008). Since then, truck driver turnover has been high, reaching 110% and more for large firms in 2000, and seldom falling below 50% in the last few decades.

Many have maintained that there is no shortage of truck drivers despite high turnover. Burks and Monaco (2018, 2019) found that the truck driver market acts like a normal labor market in recent research but acknowledged that the data would not allow long-haul drivers to be sorted out from other

drivers. Consequently, these results fail to contradict the regular reports of high turnover from the American Trucking Associations and others.

Transportation firms compete not only with one another, but also with firms from other industries, for the resources to operate and to serve their customers (Schweiteman & Miller, 2016). This applies to infrastructure, vehicles and other equipment, and more (Ellram, et al, 2013), but it especially applies to human resources.

Transportation firms often incorrectly perceive that their competition for human resources comes exclusively from within their sales market. This is precisely what happens when trucking firms consider only other trucking firms as competitors for truck drivers. This is a perfect example of both factor market myopia (FMM) and factor market rivalry (FMR) (Ralston, et al., 2017).

The market is also shifting in terms of employer size. Since 2012, smaller trucking firms have hired new drivers at twice the rate of larger firms, with firms that operate 1-6 trucks hiring 70% more drivers, while firms with more than 500 trucks hired only 20% more (Cassidy, 2019).

The control of resources and access to them will continue to challenge transportation and logistics firms and operations (Ralston et al. , 2017). The market structure for hiring employees is often monopsonistic competition, a structure with many slightly differentiated buyers—employers in this market—seeking similar resources—employees with CDLs. That is, in the minds of long-haul drivers, working for one trucking firm may differ little from working for another trucking firm. Consequently, firms may overlook small things that affect driver retention and competitive advantage in the driver labor market (Taylor & LeMay, 1988).

Burks and Monaco (2018, 2019) found that the truck driver market overall is not ‘broken,’ but they acknowledged that the data they used, which came from the Occupational Employment Statistics of the Bureau of Labor Statistics and the Current Populations Survey, would not allow them to sort

out the specifics related to TL or over-the-road long-haul drivers. They called for a separate analysis of this segment of the factor market because the overall market for truck drivers behaves in a predictable way when faced with changes in wages and working conditions. Meanwhile, the American Trucking Association continues to publish data on the shortage of long-haul drivers (Schultz, 2020).

One element that affects this market is straightforward: there is no sense of career in the job market. A driver with 20 years of experience still drives the same truck model as the driver with one year of experience and serves the same customer base. A trucking firm with average turnover will likely hire without hesitation, but the job will change little. A few companies have attempted to create the appearance of career ladders, but this does not seem to reduce turnover.

The level of potential rivalry for drivers clearly shows the sheer number of firms in the industry. According to the Bureau of Transportation Statistics, there were 569,467 interstate motor carriers in the US and 928,647 in total for hire carriers, along with another 799,342 private carriers (BTS, 2020). Most (91.3%) had six or fewer trucks, and 97.4% had fewer than 20 trucks (ATA, 2021). Of course, these firms compete with one another for drivers, but firms in other industries would also hire many of those drivers to do other jobs.

## PROPOSITIONS

This analysis leads us to several propositions about the relationship between the concepts of FMR, FMM, LMM, SBS, and the truck driver labor market. We use some of the key conditions in the truck driver labor market to develop our propositions.

### **Proposition 1: FMR in the Trucking Industry Includes Many Firms from Outside the Industry**

Two major types of turnover have long been recognized in the trucking industry: 1) job switching

or turnover within the industry, and b) job change or turnover outside the industry (LeMay and Taylor, 1988; LeMay et al., 1993). Miller et al. (2020) found that a single firm raising wages increased turnover within the industry, but many drivers also turnover outside the industry. By turnover outside the industry, we mean truck drivers leave the trucking industry to take jobs in other industries. A common and current example would be a truck driver leaving the industry to take a job in construction. Trade publications aimed at truck drivers offer detailed explanations for why there is at least a perceived shortage and why drivers leave the company. Most of them lay out the reasons drivers leave the industry: poor pay for the number of hours worked because pay is by the mile, not by the hour, restricted driving hours, too much unpaid work, time away from home, poor working conditions, and trucking firms that skim wages (Macmillian, 2020).

These circumstances open the industry to significant outside competition for qualified people. This simply intensified the factor market rivalry (FMR) level.

### **PROPOSITION 2: FMM and LMM May Exist Outside FMR**

A firm may suffer from the effects of factor market myopia (FMM) or labor market myopia (LMM), even if no rivals are to be found. These are conditions in a firm, notably characteristics of top management team's (TMT), so a firm may ignore potential truck drivers or lose them even when there is no competition for their services. This may mean hiring more people with limited qualifications. If cognitive biases exclude women, minorities, or others for reasons that have nothing to do with driving skills and abilities, then the firm is probably suffering to some degree from the effects of FMM, more specifically LMM.

### **PROPOSITION 3: For Trucking Firms, LMM Can Aggravate a Key SBS**

Strategic blind spots (SBS) reduce a firm's ability to compete in the marketplace. This can be especially true when the labor market is defined too narrowly, as in labor market myopia (LMM) situations. In such situations, using a narrowly defined labor

market leads to an incorrect perception of the competitive environment (Danneels, 2003). This predisposition to narrowly define the labor market (i.e., other trucking companies) may be due to stagnation or inertia (Rolston et al., 2017). Thus, for whatever reason a firm limits its options to dealing with labor issues, the resulting tunnel vision can aggravate an existing blind spot. One example is how many trucking companies hire their drivers locally? Why do they not branch out to other regions and states? Excuses may be that a firm is not set up for payroll in other states, or we do not have the resources to engage in a national recruitment campaign. The root cause is stagnation or cognitive inertia (Huff, 1997).

One way of overcoming this myopia in labor markets is to simply ask "why that is" three times (Zook, 2015). Going back to our previous example, when one says we cannot recruit from out of state, ask "why." The response may be, "we are not setup for payroll in that state" Ask why again and you may hear "because nobody ever asked me to do it." The conversation may continue to a resolution that points out that "doing things the way they have always been done" may be the actual issue for the labor problems the firm is facing. Thus, avoidance of LMM can help reduce the negative effects of SBS.

### **PROPOSITION 4: Different Forms of FMM May Have Multiplier Effects**

In other words, the negative effects are worse combined than the sum of the negative effects on each trucking company individually. FMM may take several forms. These may include the labor market myopias discussed so far in this article, as well as others relating to topics such as capital markets and marketing. Capital market myopia relates to overemphasis on the short term at the expense of long-term thinking concerning stocks and other investments (Stein, 1989; Bhojraj et al., 2009). Such thinking can lead to what is called "short-termism" or an overemphasis on the short-term as compared to the long-term regarding strategy and investment related to capital (Bharath et al., 2010). The concept of marketing myopia

dates to the 1960s, when Levitt (1960) discussed the term regarding businesses defining their business narrowly. That is, they defined their business based on their product offerings instead of based on customer needs. Since then, the concept of marketing myopia has grown to include defining one's customer too narrowly (Smith et al., 2010).

By looking at just these three types of myopia (labor, capital, and market), one can demonstrate how the negative effects of narrowly defining multiple firm resources can spill over to one another in a negative way. If one takes a short-term approach to obtaining capital, it may result in an inability to cover the firm's cash flow requirements. Such issues are quite common in the trucking industry, with firms resorting to factoring their receivables to cover short-term cash flow needs such as payroll. This exacerbates the negative effects of labor myopia. Defining one's customers too narrowly (market myopia) could also affect labor myopia. If a trucking company views their customer market too narrowly (i.e., long haul only), it will result in increased labor market myopia (LMM). That is, by focusing only on long-haul drivers, the firm is only tapping labor in one area. If the firm were to engage in a mix of long-haul and short-haul, it would allow them to attract a larger pool of potential drivers (labor). Further, in this example, short-haul drivers would be able to fill in as long-haul drivers occasionally, thus decreasing LMM. Therefore, the opportunity costs of forgoing short-haul customers enhance the negative effects of marketing myopia. Thus, if one form of myopia exists in an organization, it can lead to a vicious cycle that creates a myopia mindset that infects the entire firm, resulting in negative synergistic effects from multiple myopias.

**PROPOSITION 5: The Negative Effects of FMR, LMM, and SBS Are More Pronounced When Combined Than When Alone**

That is to say, the negative effects are more multiplicative than additive. Factor market rivalry (FMR), labor market myopia (LMM), and strategic blind spots (SBS) form what could be termed the "Dark Triad" of resource acquisition and

development. Similar to the dark triad (O'Boyle et al., 2013) in organizational behavior research. When simultaneously present within a firm's strategic thinking, these three constructs can combine to severely restrict the ability of a firm to obtain the necessary inputs to compete in the marketplace.

Factor market rivalry (FMR) leads to restricted input due to competition with competitors (Markman et al., 2009). This, sometimes fierce competition for resources may pose problems, but alone, these issues are not insurmountable. When competition for resources is fierce and a firm's top management team does not consider the decisions of other firms (SBS), a difficult situation (high FMR) worsens. For instance, the jewelry industry is highly competitive, and most firms are only profitable three or four months per year (due to major gifting holidays such as Christmas and Valentine's Day). This situation leads to inertia in the industry that "this is just how things are and will always be." Then, some firms began to purchase used gold, a novel idea in the industry. First, the cognitive bias of many firms prevented them from making or following this move. In their minds, or at least the minds of their top management teams, buying people's "old gold" is something that only pawn shops do and would never consider the option, because it is perceived as bad branding. The stores that looked past this cognitive bias and inertia and began purchasing used the gold year around. This innovative thinking allowed them to be profitable for more months of the year, when compared to myopic thinking firms, thus giving them an advantage.

To illustrate the issue of the compounding effects of strategic blind spots (SBS) and myopias, imagine a situation in which a firm operates in a highly competitive market and suffers from an SBS mentality in their top management team. Now, we combine this with a narrow view of their potential labor market. This situation is an example of a dark triad spoken of earlier. Labor markets are so sensitive that even one firm's actions can increase turnover for the entire industry (Miller et al., 2020). Thus, missing a small thing, such as the actions of a single firm, can adversely impact driver retention

(Taylor & Lemay, 1988). Now, extend this line of thinking to consider the possibility that the action from one firm outside the industry could also have such an impact across a broad range of resources. To overcome such mistakes, firms must view the labor market (and other markets) broadly or suffer consequences. In sum, the negative effects of FMR, FMM, and LMM are manageable independently, but when all three exist simultaneously, they form an almost insurmountable disadvantage for a firm to overcome.

### **FURTHER RESEARCH**

In the future, research should empirically investigate the effects of factor market rivalry (FMR), factor market myopia (FMM), and strategic blind spots (SBS), measuring the effects of each construct independently and in combination. Multiple combinations should be analyzed to determine whether the effects of various combinations of any two are worse than others (i.e., FMM and FMR vs. FMM and LMM).

A second area of future research could investigate the role perceptions play in this process (see Chen, 1996; Schweiterman & Miller, 2016; Ralston et al., 2017). That is, understanding how one perceives their environment (Weick, 1993; Weick et al., 2005) plays a role in SBS. Specifically, knowing one's biases or perceiving that one may not understand the thinking of competitors reduces a firm's susceptibility to SBS and LMM.

### **CONCLUSIONS AND MANAGERIAL IMPLICATIONS**

There is little debate that companies and managers, over time, may face the challenges of marketplace rivalries, be limited by myopic corporate visions, and from time to time experience the outcomes of unforeseen business environment blind spots. Describing, defining, and otherwise identifying the boundaries associated with these business phenomena may help managers limit the impact that each may inflict on a company's competitive capabilities. Competitors that remain myopic and fail

to recognize strategic blind spots will be substantially weakened in a factor market.

No business environment is more prominent at this time than the labor market for commercial motor carrier drivers and, more specifically, the over-the-road long-haul driver segment. Since the 1980s, trucking has experienced economic cycles, generating vicious factor market rivalry for scarce resources of drivers. It is well understood that there is a churning of drivers. Drivers often move from one company to another company that provides the same pay and working conditions. This transfer of drivers between rivals fails to add labor capacity to the industry as a whole. To alleviate driver capacity issues, companies have traditionally initiated plans to reduce the number of days away from home for drivers and improve driving conditions by placing tractors on 3-to 5-year lease programs to keep newer tractors rotating into the fleet, and increasing driver pay. Again, while these efforts may help to retain drivers, they may not adequately increase the population of new drivers in the industry.

Thinking beyond the obvious is what it will take to compete for labor. The potential of nontraditional driver pools must be evaluated. The U.S. Code of Federal Regulations (CFR) stipulates that drivers must be 21 years of age to operate with a commercial driver license (CDL) to transport interstate commerce (49 CFR section 391.11). However, the 49 CFR 383.71 also allows for a CDL learner's permit for drivers 18 to 20 years old, and many states allow 18-, 19-, and 20-year old drivers to transport intrastate commerce. The FMCSA is conducting a pilot program to assess the feasibility and safety implications of allowing interstate drivers under the age of 21. This would help expand the potential driver pool for all the motor carriers. Could individual carriers institute a slip-seat plan to transfer trailer freight at state lines and keep drivers under 21 within state lines (intrastate)?

Our propositions indicate the presence of competition outside traditional trucking competitors. Beyond this, some carriers simply have tunnel vision

when it comes to identifying potential drivers and focus on the traditional segments consisting of male drivers that a company may attract from construction or factory jobs. Labor market myopia describes tunnel vision. It may be that this myopia may limit the capability of a firm to compete and, thereby, escalate the development of competitive blind spots.

Clearly, the motor carrier industry often struggles with driver resources. Researchers have worked together with managers to help identify solutions to such factor market rivalry in an industry that has struggled with the situation for more than 40 years. Perhaps, our propositions pertaining to the combined effects of labor market myopia and strategic blind spots within factor markets will help researchers and managers achieve the next major step in understanding how to obtain drivers to transport an ever-increasing demand for materials and products.

We see several points in this research that affect managers directly. First, managers in trucking companies should work to see the labor market from the perspectives of other industries. Construction serves as a good example. Most truck drivers either have construction skills or can get those skills, so it may be easy for a driver to quit the trucking company and take up a hammer or a saw. Drivers can also switch to other logistics jobs like warehouse worker, fork truck driver, and so on. Trucking managers who fail to do this will continue to overlook or misperceive the nature of competition for key resources. Second, truck driver labor markets tend to be local. That means that hiring managers in each location must be trained to examine the situation in local markets. If the labor markets are local, so are the problems associated with labor market myopia and factor market rivalry. Third, if trucking managers suffer from one form of myopia, the chances are great that they suffer from another. If they fail to recognize rivals from one sector, then they are likely to overlook rivals from another. Fourth, market myopia goes both forward and backward. Transportation firms served as classic bad examples in the original work on market

myopia. Transportation managers need to make themselves aware of the problems that labor market myopia can create for them in the local markets where they compete for key resources.

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## BIOGRAPHIES

**Stephen A. LeMay** is Associate Professor of Marketing and Logistics at the University of West Florida and Professor, Emeritus, of Marketing and Logistics at Mississippi State University. He has published more than 40 refereed journal articles, one textbook, one research book, and a collection of logistics education materials. He received his undergraduate degree in Magazine Journalism from Northwestern University, his MBA in Operations Management from the University of Tennessee, Knoxville, and his DBA in Transportation and Logistics at the University of Tennessee, Knoxville. E-Mail: slemay@uwf.edu

**Dave McMahon** is a Professor of Marketing in The Pepperdine Graziadio Business School. Dr. McMahon's research interests are in the areas of services, logistics, and ethics. In logistics, he is co-author of a seminal book with LeMay, et al. and has been published in several journals and numerous proceedings. His experience includes the import/export, non-profit, and golf industries. He received his doctorate in marketing from Mississippi State University. E-Mail: dave.mcmahon@pepperdine.edu

**John H. Batchelor** is Chair and Associate Professor in the Department of Business Administration, University of West Florida. He has published extensive research on entrepreneurship, leadership, research methods, motivation, and organizational behavior. His work has appeared in the Journal of Small Business Strategy, Journal of Management Policy and Practice, and Journal of Applied Management and Entrepreneurship. He holds a PhD in Organizational Behavior from Virginia Commonwealth University. E-Mail: jbatchelor1@uwf.edu

**Scott B. Keller** is Professor and Chair, Department of Commerce, and Director of the Center for SCM Excellence at the University of West Florida. He received his Ph.D. from the University of Arkansas. Dr. Keller's research interests include managerial leadership and customer orientation in logistics operations. Along with his brother, he co-authored The Definitive Guide to Warehousing. He is Associate Editor for the Journal of Business Logistics and former editor of International Journal of Logistics Management. E-Mail: skeller@uwf.edu