CHAPTER TWO

LITERATURE REVIEW

SUMMARY OF CURRENT LITERATURE

This chapter summarizes the current literature as well as classic writings on the topic of corporate culture as the driver of practices, techniques, and strategies for hiring, developing, and evaluating leadership teams. The literature review integrates a general review of corporate culture and the attraction and retention of a leadership team, with an emphasis on literature related to issues in the public transportation industry.

Corporate culture experts suggest that the analysis of culture works best if one considers culture as manifesting itself in organizational behavior and espoused values. Although a full study of culture requires a study of underlying assumptions—those matters that everyone takes for granted but seldom think about—that level of analysis requires detailed analysis and observation to determine (1, 2). Such an analysis exceeds the scope of this synthesis. Therefore, the focus of the literature review was on values and behaviors, with the latter also referred to as artifacts of culture.

CORPORATE CULTURE: MANY DESCRIPTIONS, COMMON MEANINGS

The past two decades have been a period of increasing awareness of corporate culture as an important concept in understanding how organizations function. Beginning with the now classic work of Deal and Kennedy (3) in their groundbreaking 1982 book *Corporate Cultures: The Rites and Rituals of Corporate Life*, many organizational theorists have tried to explain how corporate cultures are formed and why they are significant in the day-to-day operations and long-term survival of organizations. One commonly cited definition of corporate culture is simply "the way things are done around here." A second definition is that it is the accumulated, shared learning of a given group that has worked well enough to be considered valid enough to be taught to new members as the correct way to perceive, think, and feel in relation to organizational problems. Shared learning implies that the group has a history of shared experience, which also implies some level of membership stability (1, 4).

Distinct types of cultures evolve within organizations, with direct and measurable impacts on strategy and performance. Organizations are social enterprises with tribal habits—that is, well-defined cultural roles for individuals and various strategies for determining inclusion, reinforcing

identity, and adapting to change. According to Deal and Kennedy (3), weak cultures are typified by their lack of characteristics of successful competitors. Specifically, weak cultures lack clear values or beliefs about how to succeed in their business. They may have many beliefs, but their members cannot agree among themselves on which are the most important. Different parts of the organization may have fundamentally different beliefs. Heroes of the culture—persons idolized by others—are destructive or disruptive and do not build upon any common understanding about what is important. Symptoms of an organization with cultural malaise include an inward focus on short-term issues, morale problems, fragmentation, and inconsistency (3).

One of the fallacies of recent literature on culture is the implication that organizations are homogeneous. Units within organizations can ascribe to some overall cultural norms yet establish other norms that are quite different. Senior managers may display an entirely different culture from that of middle managers, and different still from that of rank-and-file workers. Radically different cultures within an organization may result in conflict and noncooperative attitudes and behavior. In contrast, a single culture in an organization may signal the need for change to account for differing business environments (5).

CORPORATE VALUES

Values are the foundation of corporate culture. In the same way that corporate culture varies from one organization to another, the values that determine the culture of an organization are diverse. Corporate values serve as the defining elements around which norms, symbols, rituals, and other cultural activities revolve. A value is an enduring belief that a specific mode of conduct is personally or socially preferable to an opposite mode of conduct. Values are internalized beliefs that guide behavior (3). Values help employees form a social identity that provides meaning and connectedness. Drawing on underlying values, individuals can manage their lives in ways that help them choose congruent roles, occupations, and even organizations. Some authors suggest that people are drawn to organizations that they perceive as having values similar to their own (2).

BENEFITS OF SHARED VALUES

Research reveals that organizations gain strength from shared values. If employees know what the organization

stands for and what principles to preserve, they are more likely to make decisions that will support those values. Employees also perceive themselves as a more significant part of the organization and exhibit greater motivation. It is when values are a reality in the minds of employees throughout the organization, not just among senior executives, that the concept of shared values becomes effective. Shared values are believed to affect performance in a number of ways. First, managers and other employees will give unusual attention to corporate values that result in extraordinary performance. In addition, managers make better decisions and people work harder because they are committed to the cause (*3*).

Often values are not "hard" like organizational structures, policies, procedures, strategies, or budgets, and frequently are not written at all. One management identifies four types of corporate values: core, aspirational, permission-to-play, and accidental (*6*). Core values are sacrosanct—deeply ingrained principles that guide an employer's actions because they serve as cultural cornerstones. Aspirational values are those that a company needs to succeed, but currently lacks. The need may relate to a new strategy or to meeting the requirements of a changing external environment. Many times values stated in vision and values statements are aspirational values. Permission-to-play values reflect the minimum behavioral standards required of any employee. These values tend not to vary across an industry or, in some cases, a region. Accidental values arise spontaneously and take hold over time. Management does not cultivate them, but these values tend to reflect the common interests and personalities of employees. Clarity about the type of corporate values the leadership team espouses can prevent confusion about what the current leadership considers critical and what is part of the organizational reality.

Aggressively adhering to corporate values can help an organization make strategic decisions. For instance, an organization committed to innovation as a corporate value will make different types of decisions than one that values the tried and true. For core values to take hold, the leadership team needs to integrate the values into every decision and every system that directly touches employees, from the time of hire until they leave the organization. For example, Nordstrom, well known as a values-driven company for its commitment to customer satisfaction, constantly reminds employees that its core value is customer service. During orientation, new employees are welcomed with stories that recount the lengths that fellow employees have gone to keep customers happy. During non-store hours, managers read customer comments, positive and negative, over the company's intercom system (*6*).

ANALYZING CORPORATE CULTURES

There are several approaches to analyzing corporate culture. The approach used in this report is one that determines the type of corporate culture that exists in an organization based on a unique group of characteristics. The four cultures that have been characterized in this approach are hierarchy, clan, adhocracy, and market. Research has revealed that 80% of organizations have characteristics of one or more of these culture types. Most strong cultures feature one dominant culture, with others being complementary (*7*).

The *hierarchy* culture is dominated by the classical attributes of a bureaucracy, such as standardized rules, multiple layers, impersonality, position authority, segmentation of functions, and clear chain of command. During past tranquil economic periods, this culture was considered the best approach to providing stable, efficient, and consistent products and services. Key values in this type of culture center on maintaining efficient, reliable, fast, and smoothly flowing production or service. Thus, the managers rated best in these environments are those who are good at organizing, controlling, monitoring, administering, coordinating, and maintaining efficiency. Hierarchy cultures are frequently found in large businesses and government agencies.

The *clan* culture has an extended family orientation. Shared values and goals, cohesiveness, participation, and a sense of togetherness permeate a clan culture. Typical characteristics of clan cultures are teamwork, employee involvement, and organizational commitment to employees. Customers are thought of as family members, and the major task of management is to empower employees and to encourage their participation and loyalty. Clan organizations can be friendly places to work, where people show high levels of commitment and sharing.

The *market* culture refers to an organization that functions as a market itself. Its orientation is toward the external environment rather than internal affairs. The main focus of the market culture is to conduct business with other constituencies (such as suppliers, contractors, and regulators) to create competitive advantage—very much a profitability orientation. Core values that dominate this culture are competitiveness and productivity. The typical manager is a hard-driving competitor, who produces positive bottom line results.

In an *adhocracy* culture, innovation and pioneering initiatives are valued as the attributes that lead to success. Proponents of adhocracy believe that organizations exist mainly to develop new products and services, and to prepare for the future. The major task of management is to encourage entrepreneurship, creativity, and cutting-edge activity. A primary goal of adhocracy is to foster adaptability, flexibility, and creativity in environments where uncertainty, ambiguity, and/or information overload are prevalent.

DEFINING LEADERSHIP

Business literature is filled with definitions of leadership. Two such definitions, provided by Schein (*1*) and Yukl (*8*), seem particularly relevant to this study. Schein, one of the foremost leadership and corporate culture theorists, takes the position that the process of culture creation is the essence of leadership and that leadership and culture are two sides of the same coin. Schein distinguishes leadership from management by stating that leaders create and change cultures, whereas managers and administrators live within them (*1*).

Yukl, another leadership expert, also comments on the ongoing discussion about the difference between leadership and management. He cites the writings of some leadership theorists who propose that managers are people who do things right, whereas leaders do the right things. In his view, this definition presents a negative stereotype of managers. Instead, he takes the position that *manager* is an occupational title, a specialized role. This synthesis examines both the role of the top management teams in transit agencies and the practices used by these teams to achieve agency goals. Therefore, Yukl's definition of leadership— the process of influencing others to understand and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish the shared objectives—provides a solid basis for further discussion in this report (*8*).

RELATIONSHIPS BETWEEN CORPORATE CULTURE AND LEADERSHIP

Schein advances the notion that neither culture nor leadership can really be understood alone. He proposes that an argument can be made that "the only thing of real importance that leaders do is to create and manage culture and that the unique talent of leaders is their ability to understand and work with culture" (*1*). From this perspective, it can be seen that culture refers to those elements of a group or organization that are the most stable and least malleable.

Some corporate culture experts define culture as the organization's operating system, because it guides how employees think, act, and feel. Corporate culture is dynamic and fluid, never static. Most culture theorists agree that there is no generically good culture, although there are patterns of health and dysfunction within corporate cultures. If the organization wants to maximize its ability to attain its strategic objectives, it must know if the prevailing culture supports and drives the actions necessary to achieve its goals. For instance, an organization that traditionally responds slowly to the external environment, when faced with rapidly changing conditions and demands on resources, may have to change its cultural orientation if it wants to survive (*9*).

Most organizations do not consciously try to create a certain culture. Cultures typically evolve. However, two private-sector cultures that defy this norm are those of Hewlett–Packard and Southwest Airlines. Hewlett–Packard has for a long time been conscious of its culture, which is marked by respect for others, a sense of community, and hard work. Southwest, the only major airline in the nation that has been profitable in each of the past 5 years, is well known for its employee-friendly culture. It is zealous about hiring the right people. They must have a good sense of humor, be team focused, and be able to lend themselves to causes.

Furthermore, organizations take on their leaders' personalities, and there is no other air carrier that has had the same continuity of leadership as Southwest—led by the same CEO since 1971. His presence at the helm has shaped this culture (*10*). Southwest management lives the corporate values by spending a lot of time with employees and exhibiting a demeanor of pride and interest in employees personally and professionally. Training provided at Southwest's University for People teaches employees to do things faster, better, and less expensively; deliver outstanding customer service; understand other people's jobs; and keep the culture alive and well. Labor relations (in the most unionized airline in the United States) are strong and healthy. The relationship is built on a democratic, nonhierarchical, and personal culture of trust. Information sharing helps people feel that they are the owners of the company and therefore to act responsibly (*11*).

In addition, each organization has subcultures that can be identified by such groups as departments, places in the hierarchy, or locations. Subcultures may subscribe to overall corporate values and maintain a high level of cultural integration with the main organizational culture. Other subcultures may ascribe to different values, thereby being in conflict with the overall organizational culture and other units that have high integration with the larger organization (*3*).

CORPORATE CULTURE AND EMPLOYEE FIT

Organizations tend to select employees who share their values. New entrants are further socialized and assimilated through various orientation strategies. Congruency between an individual's values and those of an organization may be at the core of person–employer fit (*2*). Studying what new members are taught helps one to discern some elements of the culture. For an employee to really know the rules of behavior requires experience within the group. Actual socialization gets at the deeper understanding of what it means to be a part of the organization (*1*).

Research conducted on the impact of organizational culture on the behavior of its members suggests that the

fit between the individual's values and the organization's values can influence how well the person is attracted to, fits into, remains committed to, and stays with an organization. One study that analyzed data from employees in government agencies and public accounting firms offers strong support for assessing congruency between person–organization fit. The study posed one basic research question: To what extent is person–culture fit associated with individual commitment, satisfaction, and longevity in an organization (*2*)?

One significant finding was that even organizations that appear quite similar might vary widely in their underlying value structures. A hypothesis derived from that study is that cultures tend to be similar when the organizations are relatively homogeneous industries and have similar sizes, structures, and levels of technological maturity, personnel configurations, regulatory demands, and orientations. A conclusion was that for an individual to be satisfied and attached to an organization, he or she might need both task competency and a value system congruent with the central values of the organization. Likewise, failure to fit within either dimension may reduce an employees' satisfaction and commitment, and increase the likelihood of their leaving the organization. In other words, the fit between an individual's preference for a particular culture and the culture of the organization the person joins is related to commitment and satisfaction (*2*).

Research on individuals who choose public service over private-sector employment reveals findings that may be helpful to transit agencies attempting to recruit and retain executive talent. Some employees are drawn to public service by the desire for job security, others by the desire for an activist role in people's lives, and still others enter this employment sector by chance. In addition, personal contacts—the right people in the right place at the right time—are of paramount importance in connecting people with jobs. In the past, with so many baby boomers and their predecessors occupying public-sector executive positions for decades, with minimal turnover, public-sector recruiters had little need to try to attract new workers for these positions. With imminent retirements of many of these individuals, the task of recruiting and retaining staff with executive potential or competencies requires an understanding of what motivates people to choose or not choose public-service employment (*12*).

The above-cited research showed that those who place a higher priority on helping others and being useful to society are slightly more likely to choose public service. In the past decade, most of it a period of almost full employment, workers born after 1960 have shown less of a preference for public-sector work, choosing instead to go where the money was. However, college-educated individuals with a positive attitude about the role of government in people's lives still show a propensity to choose public service. Public-service agencies that want to attract the best and brightest are advised to mirror those aspects of attractive employment that their target group—those born after the 1960s—uses in their recruitment and retention efforts. This activity may require a look at the application process, how jobs are structured, and the compensation and reward system, as well as how the message is delivered about favorable aspects of public service, especially the aspect of important and interesting work. In essence, public-sector employers may have to gain expertise in marketing themselves as employers of choice.

A July 2002 *Government Executive* article focused on the current opportunity that government has to attract young, well-educated job candidates who do not want to work in "gray bureaucracies" (*13*). The author cites the post-September 11 call to public service and the recession as opportunities to woo high-quality candidates. He also reinforces research that shows that public-service agencies are often perceived as having little sense of mission or excitement and few opportunities for advancement. Younger workers repeatedly report that they want work that allows them to develop skills, to learn, and to be rewarded for their contributions. They want to be coached by those above them, and at the same time have the autonomy to gain higher levels of responsibility. These employees would like to feel that they are contributing to something bigger.

Although the article focused primarily on federal employment, public agencies in general can apply the concepts to their environments. Public employers need to ensure that they do not fall victim to the traps of excessive rules, lackluster supervisors, and the inability to capitalize on the motivation of public employees who want to make a difference.

According to one management consulting firm that specializes in worker loyalty, the obvious sign of an effective culture is loyalty, as shown by the percentage of employees and customers who stay with an organization. Where many employers go wrong is in not understanding that environment and culture are often the strongest reasons that people stay with an organization (*14*).

Appropriate compensation is one element of organization–employee fit. *TCRP Research Results Digest 45*: *Identification of the Critical Workforce Development Issues in the Transit Industry* highlighted problems in compensation for positions at the top of transit agencies (*15*). Senior staff, transit board members, and association employees recognize that whereas transit salaries are often at the upper end of public-sector salaries, compensation remains low compared with that in the private sector. One contributing factor is the closed nature of transit industry recruitment

at the general manager level. The real danger is seen in the future: lower salaries will discourage high-achieving managers from entering or remaining in the transit industry (*15*).

Low salaries at the general manager level naturally result in compression for other leadership team positions, thereby potentially driving these individuals out of the industry. Salary compression makes it particularly difficult to recruit managers in some highly technical positions that are in high demand in the private sector. *Research Results Digest 45* cites particular problems with executive salaries in transit systems that are part of city or county governments (*14*). Because salaries for these positions are rigidly tied to civil service compensation rules, pay is capped at government pay scale levels. This problem was also highlighted as a recruitment and retention issue in *TCRP Report 77: Managing Transit's Workforce in the New Millennium* (*16*).

According to *Research Results Digest 45* (*15*), transit agencies outside of county or municipal government have more flexibility in trying variable pay strategies reflective of the marketplace, such as gainsharing and pay-for-performance. Key to success of such efforts is that pay must be tied to clear performance goals and productivity gains. A number of transit agencies have moved toward market-based pay strategies, including the Metropolitan Atlanta Rapid Transit Authority, Houston Metro, Los Angeles Metropolitan Transportation Authority, and Washington Metropolitan Area Transit Authority (WMATA).

CORPORATE CULTURE AND COMMUNICATION

Management theorists typically advocate openness and candor in organizations as the ideal. However, this perspective may be unrealistic in the real world. In some cases, such as giving information to a superior, employees are inclined to distort the information if it reflects unfavorably on them. Such distortion can occur even if the superior has indicated a preference for open communication. Employees bring their own cultural baggage, history, and definitions of how to best communicate with those in senior positions from previous employment. This tendency can be especially true if the employee has experienced negative consequences with individuals in the current organization. The effect can be seen in other situations as well when candor has not been met with positive results. Managers may defend themselves by couching bad news in terms they feel are acceptable to their audience. In organizations that explicitly or implicitly foster communication that is secretive, defensive, and risk aversive, the communication is often guarded (*17*).

One reason organizations have difficulty adjusting to rapid change is that so many people feel relatively powerless. When a clear sense of vision of inclusiveness is communicated throughout an organization, lower-level employees can initiate actions without feeling vulnerable to the whims of managers who may not like what they have done. As long as employees' behavior is consistent with the vision, supervisors will have difficulty undermining their efforts to contribute to helping the organization achieve the vision (*18*).

The leadership team should continually give and receive feedback on their decision-making behavior. By failing to provide honest criticism, leaders cheat employees by depriving them of the information they need to improve. Over a 1-year period, there will be numerous opportunities to share observations in this regard. Moving in this direction can be quite demanding—requiring listening skills, business acumen, follow-through, and significant emotional fortitude to progress (*19*).

The tall hierarchies found in many transit agencies create a communication's challenge for the leadership team. The traditional transit organizational structure is a cultural artifact consisting of multiple layers of management with clear chain of command and an emphasis on position authority. This structure contributes to the segmentation of functions that often leads to an environment of departmental versus organizational loyalty and focus. In many instances, the procedural nature of the business, with requirements imposed internally to ensure consistency of service and those imposed externally by regulatory bodies, fosters a bureaucratic approach to responding to the changing external environment. An analysis of the APTA *2002 Public Transportation Management Compensation Report* verifies that in many agencies, even those with fewer than 1,000 employees, the management staff consists of multiple layers of positions, which can lead to filtering of messages and unclear communication (*20*).

CORPORATE CULTURE AND COMMUNITY INVOLVEMENT AND PARTICIPATION

Successful transit agencies and many successful businesses understand the importance of community involvement in creating a responsive corporate culture. For instance, Home Depot encourages its employees to get involved both on the job and in their communities. Every new employee, including executives, spends 2 weeks working the sales floor, learning what customers want and need, and receiving firsthand knowledge of the company's core business. In one community, information technology (IT) employees have taken part in Habitat for Humanity house-building projects and helped to repair a run-down school. Although these are not typical IT functions, by getting more closely acquainted with the firm's business, participating employees increase their ability to provide better quality solutions. This also creates a team orientation for employees throughout the business (*14*).

A FHWA report provides another view of community involvement—that of citizen participation in transportation planning and service activities. Including local individuals in decision making demonstrates an agency's commitment to participatory planning. The report states that people in the community bring new points of view, new ideas, and a community perspective directly to the decision-making process. Civic outreach committees assist with public involvement programs and provide advice based on what they hear in their own discussions with the public. Seattle's Central Puget Sound Regional Transit Authority appointed a community group to assist in developing a ballot proposal for regional transit. For the Dade County, Florida, rail system, a committee composed of elected officials and neighborhood representatives provided leadership on two referenda supporting funding for the new rail system (*21*).

In some cases, groups provide input through ad hoc committees. For example, in Albuquerque, New Mexico, the Metropolitan Planning Organization's (MPO) Urban Area Truck Route Task Group solicited membership through more than 300 letters to neighborhood, advocacy, and business groups. Volunteers worked with technical staff from the city and a neighboring county to develop a plan for a commercial vehicle network as though it were an agency-prepared plan. Furthermore, community representatives can serve as informed spokespersons for an agency's programs. Individuals from the Boise, Idaho, MPO citizen committee serve as hosts of public meetings, speak to other organizations, and attend neighborhood events. They use nontechnical language to make citizens more comfortable and willing to participate in discussion.

Often it is important to include individuals with special interests in community groups. The Hartford, Connecticut, MPO agencywide technical committee includes representatives of four private groups: the American Lung Association, the Chamber of Commerce, a construction industry association, and a ridesharing corporation. The board of the Port Authority of Allegheny County, Pennsylvania, has long included representatives from the Sierra Club and the League of Women Voters.

Potentially, the most visible community involvement in public transportation is the work of the governing body of an agency. Transit board members are typically individuals who have distinguished themselves as representative of the community and are chosen either through appointment or by election. The role of the board is that of policy making as defined in the APTA *Handbook for Transit Board Members*: "An organized group of people with authority collectively to control and foster an institution that is usually administered by a qualified executive and staff" (*22*). The handbook goes on to state that the prime responsibility of the board is to develop and ratify principles or statements of intent or direction, as well as plans and courses of ac-

tion for the agency. This role is contrasted with that of management, which is to conduct the day-to-day administration of the guidance provided by the governing body. In essence, policy is rule making; management is the application of the rule to everyday activities. Complementary board and management relationships can enhance the effectiveness of a transit system.

CREATING A CULTURE OF LEADERSHIP

Recent research, which drew on a random sample of 3,871 executives from a database of more than 20,000 executives worldwide, revealed six distinct leadership styles (*23*). Each style can have a direct and unique impact on the working atmosphere, culture, and productivity of a total company, division, or team. The research shows that leaders with the best results do not rely on a single style; they use most of the styles within a given week, depending on the situation. Each style has a specific definition: "Coercive leaders demand immediate compliance. Authoritative leaders mobilize people toward a vision. Affiliative leaders create emotional bonds and harmony. Democratic leaders build consensus through participation. Pacesetting leaders expect excellence and self-direction. And coaching leaders develop people for the future." Flexibility in use of particular styles is recommended. Many studies, including this one, have shown that the more styles a leader exhibits, the better (*23*).

In this era of rapid change, typical hierarchy and control systems often prove ineffective in holding organizations together. Culture is the one enduring component. There is no one right culture for every organization. Businesses rely on patterns of social interaction that can range from sustaining them over time to being their complete undoing.

Organizations can be viewed as communities with two distinct human characteristics: sociability and solidarity. Sociability measures the friendliness among members, whereas solidarity measures a community's ability to pursue shared objectives quickly and effectively, regardless of personal ties. The benefits of being sociable in the workplace are obvious, because people who like each other relate more freely, share information, and have a common bond. Drawbacks to high levels of sociability are the development of cliques and behind-the-scenes networks that can circumvent or undermine due process. Such environments may also tolerate poor performance owing to the emphasis on friendships.

Solidarity is based not so much in the heart, as in the mind. High-solidarity organizations have a high level of strategic focus, swift response to competitive threats, and intolerance of poor performance. Roles tend to be clear in high-solidarity communities. High solidarity is desirable as long as the strategic focus is on the right thing.

Managers can and should adapt the levels of sociability and solidarity in their organizations to respond to changing environments, such as competition, industry structure, and technological change. Knowing when and how to make these adaptations is a key managerial competence (*23*).

Change Management

The essence of leadership is coping effectively with change. Major changes are more and more necessary to succeed in today's competitive and volatile environments. More change demands more leadership. Leading a business to constructive periods of transition begins by setting a direction—creating a vision of the future along with strategies for producing the changes needed to achieve that vision. If the function of leadership is to change, setting the direction of needed action is fundamental to leadership (*18*).

A central feature of today's organizations is interdependence, whereby no one individual or unit has complete autonomy. Most employees are linked to many others by the nature of their work, technology used to accomplish work, and organizational structure. These linkages can be challenged when organizations attempt to change. A change in one part of the organization is likely to affect one or more, and often all, departments. Unless all affected employees or units support the change, the effort will likely be less effective than intended. A leader must be able to generate high-energy activity if the organization is going to cope effectively with the inevitable barriers to change. Such energy can go a long way to overcoming obstacles. Naysayers may be more likely to be isolated and neutralized in an environment in which momentum has been generated for achieving the change.

Effective leaders motivate people in a variety of ways. First, they articulate the organization's vision in a manner relevant to the values of their audience. These leaders also regularly involve employees and other stakeholders in deciding how to achieve the mission. This effort gives people a personal sense of control. In addition, effective leaders support employee efforts to contribute by providing coaching, feedback, and mentoring, thereby helping them grow professionally and making them feel good about being a part of the organization. Effective leaders also recognize and reward success, which contributes to the employee's sense of participation.

Decision Making

If there are many sources of leadership in an organization, they do not necessarily converge, and sometimes they conflict. For multiple leadership roles to work together, people's actions must be coordinated by established mechanisms for

appreciating and considering the impact of multiple points of view on the best decision (*18*).

One advisor to leaders of large organizations points out that "silent lies" (unspoken factors) and a lack of closure within the ranks of senior management can lead to false decision making (*19*). He points out that these decisions are false because they eventually get undone by things unspoken and by inaction. In an environment where individuals do not volunteer their views, particularly views that may run counter to those of the prevailing position of the larger group, sabotage can occur. Those who oppose a decision may simply refuse to carry it out. On the other hand, in situations where there is a lack of closure during the decision-making process, individuals are left unsure about what to do, if anything. Both scenarios indicate faulty interactions and are indicative of a corporate culture that appears to reward indecision.

In organizations where dialogue is encouraged—even the challenging of assumptions—information is shared openly, disagreements are brought to the surface and analyzed, and higher-quality decision making is more likely. Dialogue is probably the single most important factor underlying the productivity and growth of knowledge among workers such as executives. Reversing a culture of indecision requires leadership that engenders intellectual honesty and trust and that uses every encounter as an opportunity to model open, honest, and decisive dialogue.

Decisive corporate cultures feature four characteristics: openness, candor, informality, and closure. Openness means that the outcome is not predetermined; there is a search for alternatives and new discoveries. Candor is reflected in the willingness to speak what may be unpopular, to expose unfulfilled commitments, and to express genuine opinions. Candor can prevent unnecessary rework and the revisiting of decisions. Informality is energizing because it reduces defensiveness and makes people more comfortable about asking questions and reacting honestly. Informality encourages candor, whereas formality discourages it. Closure means that at the end of a meeting, for example, people know exactly what the decision is and what they are expected to do. A lack of closure, coupled with a lack of penalties for not carrying out decisions, is the primary reason for a culture of indecision.

Some organizations link their reward system, specifically executive compensation, to collaborative decision making that incorporates the four characteristics of a decisive corporate culture. For a culture of indecision to change, there must be continuous managerial leadership and accountability.

Some researchers argue that although decision making is the single most important job of senior executives, the individuals responsible often get it wrong. A key error is in

treating decision making as an event rather than a process that may take weeks or months. The choice a team makes of one of two broad approaches to decision making—advocacy and inquiry—will determine how it makes decisions. Those who view decision making as an event tend to use an advocacy approach. However, an inquiry approach tends to yield a higher-quality decision (*24*).

According to Garvin and Roberto (*24*), advocacy involves using decision making as a contest, even though team members do not necessarily compete openly or even consciously. Subgroups within the decision-making team may stake out positions; for example, to get a budget increase for their pet projects, and devote considerable energy advocating for that position, even modifying or withholding information that may reflect unfavorably on their preferred solution. Individuals or groups who use advocacy tend to be political in their actions and closed in their perspective, shutting out consideration of alternative positions or interests.

In contrast, the inquiry approach is an open process designed to generate multiple alternatives, foster the exchange of ideas, and produce the best, well-thought-out decision. People engaged in inquiry rigorously question proposals and the assumptions underlying them, sometimes with considerable conflict. Because the conflict revolves around ideas and interpretations, it is seldom personal but often helpful in moving toward the best decisions. An inquiry-based decision-making process tends to produce decisions of higher quality—decisions that advance the goals of the organization, can be reached in a timely manner, and can be implemented effectively.

Succession Planning

Some organizations have a knack for creating outstanding leaders. Recruiting people with leadership potential is one step. Managing career patterns is another step. Individuals who have had significant career challenges early in their careers and who have had the opportunity to lead, to take risks, and to learn from triumphs and failures have the opportunity to develop a broad range of leadership capabilities. Later career opportunities, such as lateral career moves, promotions, and membership on special task forces or involvement in comprehensive leadership development can help individuals to enhance leadership skills (*25*).

The two researchers who described such capabilities emphasize that grooming people for leadership positions requires work on the part of senior executives, over a long period of time (*25*). Development starts with efforts to spot those with leadership potential and to nurture that capability over many years. Leaders must commit the time, often using a variety of creative means, to provide career-stretching

challenges to support the development of these future leaders. Sometimes these efforts are as simple as increasing the visibility of lower-level employees to other organizational leaders who can judge their talents and capabilities for themselves. With a clear sense of who has leadership potential and areas where these employees need to develop, senior managers can make a conscious effort to develop that potential for individuals or for teams. To encourage this development, successful organizations recognize and reward executives who successfully develop leaders. Such strategies help to create a corporate culture wherein people value strong leadership. Institutionalizing a leadership-centered culture is one way of ensuring a steady pool of competent leaders for the future (*25*).

CEOs know that one of their most important jobs is management succession. They also recognize that the process of identifying potential leaders is neither simple nor straightforward. The two researchers just cited, who work with major organizations, have found that often the process of talent identification is flawed (*25*). Frequently, the lack of appropriate procedures to produce an accurate picture of leadership prospects is the culprit. Organizations often rely on the informal network, gossip, and insufficient facts on which to make these determinations. Too often, companies promote individuals to leadership positions based on one outstanding characteristic rather than on the mastery of a broad range of competencies. Organizations that struggle with a shortage of leadership potential are likely not identifying the right people. One approach used successfully by many large corporations is one in which each candidate is assessed by a group of people. It includes the individual's manager and other executives who have observed the person's behavior directly over time and in different circumstances, using a wide range of leadership criteria.

Some employees do not reveal their ambition. This may be particularly true for individuals who may not have been designated for those leadership opportunities afforded to their more connected cohorts. Hence, it is incumbent on the leadership team to have a credible assessment process to identify the right people to move up the organizational hierarchy.

Research Results Digest 45 (*15*) cites succession planning, particularly for top managers, as one of the transit industry's weaknesses. Concerns about succession planning has tended to center primarily on identifying requirements for the new "mobility managers," those roles that require competencies other than the traditional role for a transit manager—the one of build, run, and maintain. Individuals who will be required to lead public transportation organizations in the future must deal with the expanding role of managing other functions, such as city parking and traffic functions, land management, and other activities that

require a broader range of preparation and experience. The digest suggests that much can be done to identify competencies needed for new roles and to develop ways of training future transit leaders in these competencies. In addition, drawing senior managers from a broader pool of candidates, including those from outside of the transit industry, is one strategy for strengthening the capabilities of the transit leadership team.

The report cites work currently under way in some transit agencies. WMATA has initiated the Leadership Succession Planning Program to address its succession needs. The WMATA program, which targets 10 key positions, puts potential candidates through a rigorous screening process before they are eligible for training, special projects, and rotational work assignments that enhance their technical and managerial skills. Similarly, Metro Transit in Seattle, Washington, facilitates culture change and broadens the horizons and skill sets of high-potential employees by sending them to leadership training with companies such as Boeing, Nordstrom, and Microsoft.

Labor–Management Relations

Transit-related research has highlighted the importance of positive labor–management relationships to the effectiveness of a public transportation system. *TCRP Report 29: Closing the Knowledge Gap for Transit Maintenance Employees* concluded that the transit industry is one of the most heavily unionized industries in the United States (*26*).

Although nearly 50% of maintenance managers characterized their relationships with unions as somewhat or very cooperative, researchers found that transit agencies have done little to involve unions in important work force matters. The study did find that labor–management partnerships that emphasize collaboration in retaining employees were beginning to take hold. *TCRP Report 77* provided a more in-depth view of the importance of labor–management partnerships in the operation of transit agencies (*16*). The report concludes that support for labor–management partnerships as a recruitment and retention tool has to come from both sides, labor and management. If managers spend inordinate amounts of time dealing with contentious labor–management issues, time needed to spend on building organizational capability evaporates. The payoff of positive relationships is obvious. If unions and management see their goals as complementary and ultimately related to providing high-quality service to the public, they can enhance one another's capability and that of the organization to maintain its standing in the community as a vital component of people's everyday lives.

An article in the May 2000 issue of *Mass Transit* highlighted the new labor agreement at HARTline, the Tampa, Florida, transit system (*27*). The agreement was described as the engine driving cultural change in the organization. The culture change was triggered within the represented employee ranks, where promotions are now based on skills rather than seniority. However, such organizational change is systemic and affects the whole tenor of relationships in the agency.