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# Diversity in American Subnational Transportation Agencies: Challenges and Opportunities

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*Abstract: American transportation agencies at the state and local levels have historically been managed by white males. However, as part of a larger trend toward an older and increasingly retirement-ready workforce in the U.S., this cohort is poised to diminish in both number and primacy. Concurrently, attitudes as well as policies toward hiring non-traditional transportation agency employees point towards a potential for rapid change. This article examines trends, policies, and outcomes with respect to management roles for members of non-traditional ethnic groups and women among state and local transportation agencies, including public transit organizations. The role of education and training is highlighted.*

Keywords: Transportation Agencies, Transit Agencies, Transportation Management

## Introduction

**PUBLIC TRANSPORTATION AGENCIES** in the United States, although in many ways more diverse than other organizations, have traditionally often been managed by White males. (Note: In this paper, “public transportation agencies” refers to both a) state and local departments of transportation and related organizations that may provide transportation-related services and b) local (and occasionally) state agencies that provide transit services, including (among others) bus, trolley, rail, and ferry services.) However, an ongoing and increasingly significant trend toward retirement among the upper echelons of such agencies creates a significant opportunity to create more diverse management cadres as well as a challenge to do so in an optimal way. This paper explores the potential relationship between the upcoming retirement of many state and local transportation managers and the diversity of the agencies they serve.

## Management of State and Local Transportation Agencies: Looking at the Past

Management of public transportation agencies has a dim reputation among American scholars and presumably among the American public. George Smerk, a preeminent scholar in the field notes that during the latter part of the 20<sup>th</sup> century, links this view—with specific respect to transit agencies—to the problem of attracting and retaining qualified, competent managers. “Highly qualified, well-educated, well-trained, and highly skilled people do not gravitate to what is perceived as a dying industry. Until the late 1960s, careful recruiting was virtually unknown” (Smerk, 1979, p. 466).

Although Smerk refers to transit management *per se*, transportation agencies as a whole have traditionally also often not enjoyed wide support, arguably due in part to their failure to develop adequate numbers of well-qualified managers. In transit and transportation agencies, the tradition — if not the necessity—has been to promote managers from the lower ranks of the organization. In many if not most instances, this implies drawing from a pool of individuals with careers in the industry. Frequently those who were selected for management positions had a technical background, such as civil engineering or in some cases, planning, but little in the way of knowledge or experience in actual management. State departments of transportations (DOTs) are “oriented toward civil engineering because its work relates to public or civil infrastructure facilities and systems” (TRB, 2003, p. 28). Diwald (2004, p. 4) notes that “Unfortunately, most individuals with such (engineering or other technical) expertise have little or no prior exposure to the work of transportation agencies, requiring some training to prepare them for their work.”

With his oft-cited “Peter Principle,” Lawrence Peter (Peter and Hull, 1969) observed how in many organizations, “every employee tends to rise to his level of incompetence.” Peter’s simple dictum seems to be particularly apt for many public transportation agencies of the latter part of the past century, as managers were frequently culled from the ranks of those with perhaps a great amount of experience in their specific positions and perhaps some technical expertise, but relatively small and/or variable amounts of management acumen.

Thus in many agencies, management was selected on the basis of experience, — not expertise — with the predictable effect of creating leadership that

lacked many basic attributes of good management, in areas such as public relations, political interaction, marketing, finance, human resources, and so forth.

Compounding the collective inadequacies of the managerial skills, knowledge, and experience of many transportation agencies was frequently a lack of diversity in the management echelon. Although the labour force of such organizations was probably more diverse than that of many American industries, management was often as not drawn from the stereotypical pool of older, White males. A 2001 study of American transit agencies found that employees as a whole were significantly more likely to be (1) male and (2) members of ethnic minority groups than were members of the national workforce as a whole. Although *managers* of such agencies were significantly more likely to be minorities than those of other industries, the representation of minorities was significantly lower than their representation in the transit workforce as a whole (APTA 2001).

Specifically:

- African Americans comprised 11.5% of the U.S. labour force, but 41.1% of the transit system labour force
- Females comprised 46.7% of the U.S. labour force, but 21.5% of the transit system labour force
- Whites comprised 61% of all transit managers, compared to 39% of all minorities combined (African American, Hispanic, Asian, and other)
- Management of transit agencies was 87.3% male, 12.7% female, compared to 85% and 15% respectively of all transit employees.

Diversity-related data for state and local transportation agencies as a whole are not readily available, but experiential data suggest that the upper levels of management, if not all managerial echelons are to this day predominately comprised of White males. The effect of such imbalances is impossible to calculate, but given the history of various forms of performance lapses, human resources, and labour relations problems, and other challenges to transportation agencies in the U.S., it is difficult not to speculate that a more diverse managerial cadre would not have resulted in generally more effective transportation systems.

### **Retirement Outlook for State and Local Transportation Agencies**

Even as many transportation agencies have wanted for increased levels of diversity in management positions, the industry has begun to face a different challenge in the form of a looming, oversized cohort of retiring managers. A study by the Transportation Research Board (2003) identified a series of human

resources challenges for transportation (including transit) agencies in the coming decades, although others have identified similar challenges facing the U.S. national government (Soni, 2004).

Most relevant, consistent with a national trend toward an aging population, many transportation agencies face the loss of experienced workers due to retirement. In the population at large in the year 2000, there were over 18.4 million workers over age 55 in the labour force, with a projected 31.9 million for the year 2015. Among State departments of transportation (DOTs), a 1999 survey indicated that *more than 50%* are eligible for retirement by the year 2009 (TRB, p. 34).

The trend appears to be equally significant at the upper levels of state transportation organizations. As early as 2000, almost one-third of then-current state DOT executives were reported to be eligible to retire (FHWA, 2000). A 2005 study (NCHRP, p.11) found that one-third of the “top three” levels of state DOT management were then eligible to retire, as well 20% of the next three levels. Currently, the state of California’s Department of Transportation reports that 37% of its managers are eligible to retire within the next three years. The problem is in some cases compounded by the fact that many agencies were forced to downsize earlier in this decade and do not have enough mid-level managers to replace their retiring senior-level executives (TRB, 2003, p. 35). Some states have exacerbated the problem by offering early retirement packages to high-salary managers, with the theory that they will be replaced with lower-paid employees (NCHRP, 2005, p. 12).

Transit agencies, too, face a potential tidal wave of retirements among their executive and managerial staff. Recent surveys of transit agency general managers indicate an average age of 51.3, with two-fifths of all managers 56 and above. By contrast, only 22.4% of managers are likely to be less than 45 (Hirano, 2007, p. 28). The implications for transportation management are obvious: “There will be a tremendous loss of institutional knowledge in the next 5 to 10 years,” said one transit CEO (Hirano, 2007, p. 29).

This potential shortfall in managerial expertise could not have come at a worse time, as public transportation systems in the U.S. are amid a new era of growth and development. Among other dynamic trends, demand for transit services has increased sharply with the advent of higher gasoline prices, increased congestion on urban arteries, and the renewed popularity of urban lifestyles. State DOTs, once the province of concern for highways exclusively are now expected to provide a multimodal transportation system. Both transit and state DOTs have begun to become more effective at meeting such challenges, but their successes may be short-

lived if they cannot replenish their management talent pipelines.

### Potential Impact of Retirement on Diversity

However, inside the cloud of the oncoming spate of retiring transportation managers lies a potential silver lining. Because so much of the existing transportation *managerial* workforce fails to reflect the ethnic and gender background of the transportation workforce as a whole (as well as the workforce in general), the next generation of transportation managers has a good chance of being the most diverse ever.

First, as noted above, although many existing managers – many soon to retire – are White and male, there is a good chance that their replacements will be more diverse without any planned action at all. This is in part due to the fact that regular transportation workers in the lower ranks of transportation organizations are actually quite diverse. Thus if the traditional (but by no means universal) practice of promoting from within these organizations persists, there is reason to believe that many future managers are likely to reflect a great diversity with respect to ethnicity.

However, several considerations pose potential roadblocks to such a simple and bright scenario for the increased presence of ethnic minorities and women in the management cadre of transportation agencies. First, if institutional patterns of discrimination persist to any significant extent, then little progress is likely in any event. Second, lower level employees must be provided with the skills, training, and education to become bona fide transportation managers. If the dysfunctional patterns of the past are to be avoided, then overreliance on technical expertise as a criterion for promotion — at the expense of managerial skills and knowledge — must also be carefully side-stepped. The importance of learning how to manage and lead must be inculcated in the current cohort of younger employees, but this preparation of younger, presumably more diverse employees ought not to be conducted without careful planning.

Finally, although the existing non-managerial workforce is much more diverse than the national workforce and somewhat more diverse than the existing cohort of transportation managers, the same cannot be said for females, who comprise only about 24% of the transportation workforce and 12% of its managerial levels. Additional efforts to recruit and retain female employees will be necessary beyond the measures described in this paper.

### Managing Succession and Diversity

With respect to both diversity and effective management, therefore, the ability of transportation agencies to take advantage of the changing demographics of their organizations depends upon the successful melding of succession planning with diversity management. Succession management has been defined as “the deliberate process of grooming and developing leaders who will assume key roles in [an] agency’s future”; diversity management refers to “the ability of top management to develop strategies as well as programs and policies to manage and accommodate diversity in their workplaces” (Ricucci, 2002, p. 1). By incorporating elements of diversity management into succession management, leaders of today’s transportation agencies can help to ensure a more diverse leadership for the future.

With respect to succession management, transportation agencies need to focus on cultivating skills in their employees that transcend the basic operational and/or technical demands that they routinely perform. And they must identify and retain key employees who have the potential to “help their organizations thrive on present challenges and develop new strategies for the future” (NCHRP, 2005, p. 3). However, few transportation agencies have engaged in formal succession planning; a survey of state transportation agencies conducted by the NCHRP (2005), for example, found that only three states from a responding sample of 25 states had formally established succession plans.

The objectives of succession planning may – in part -- be reached by means of a “formal succession planning and leadership training program” with “thoughtful attention to department values and leadership characteristics” (NCHRP, 2005, p. 16). Although many states offer some form of leadership training – broadly construed – in many instances these consist of self-directed and/or web-based courses (NCHRP, 2005, p. 20). Diewald (2004, p. 7) notes that existing training “efforts are fragmented and decentralized, reflecting the nature of the delivery system for transportation infrastructure and systems. Each agency has different training needs and limited resources, and no single agency addresses the full spectrum of industry needs.” Moreover, survey results and anecdotal evidence suggest that such training programs are frequently underfunded (NCHRP, 2005, p. 21).

Diewald (2004, p.5) suggests that universities must instead look to “universities, community colleges, and training institutes as partners to deliver the education and training they need to address their missions.” Yet very few universities offer educational programs that focus specifically on developing the management capabilities of transportation agency employees specifically.

Finally, and with greater relevance to the subject at hand, there is little evidence that transportation agencies approach succession planning (and associated training) with an eye toward optimizing the diversity of their organizational management. The NCHRP survey of state DOTs mentioned earlier found that specific programs found *no* state was involved in specific programs geared toward women or focused on the needs of minority employees (NCHRP 2005, p. 16). Without a formal plan to attract, retain, and prepare women and minorities for management careers, transportation agencies are likely to repeat the past rather than prepare for the future.

### Summary of Findings and Recommendations

This article has examined the widely observed phenomenon of the increasingly proximate vacuum of

transportation managers and leaders and its potential link to improving the level of diversity. Historically, state and local transportation agencies have lacked diversity with respect to race and gender, but the upcoming projected flood of retirements represents a wonderful opportunity to address that deficiency. To take advantage of this opportunity, public transportation agencies will need to actively and strategically engage in succession planning that explicitly addresses the goals of diversity management. Inasmuch as existing efforts appear to be falling short, more agencies need to create formal succession plans that include education, training and other means of preparing elements of their diverse workforces to take over the reins of management and leadership. To do so will help them meet the public transportation challenges of the new millennium.

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A member of the faculty in the SJSU Master of Public Administration (MPA) program since 1986, Dr. Peter Haas was appointed Education Director of the Mineta Transportation Institute in October of 2001. Dr. Haas earned a Ph.D. in Political Science (Public Policy and Public Administration) from the University of North Carolina at Chapel Hill in 1985. A former Director of the MPA program, he also has experience consulting at every level of government and for nonprofit agencies. Dr. Haas is the author of numerous reports and other publications in the field of transportation and other policy areas and is the co-author of the text *Applied Policy Research: Concepts and Cases*. He was recently the recipient of a Senior Specialist grant from the Fulbright Foundation to teach and study in Latvia.