

WHERE ACCOUNTABILITY REALLY MATTERS

Travel, transportation, and logistics companies are particularly vulnerable if they get it wrong.

by Michael Bazigos, Diana Ellsworth, and Drew Goldstein

Accountability—the ability of people to understand what is expected of them, exercise authority, and take responsibility for delivering results—is an important dimension of organizational health. Of course, some companies are better at fostering it than others.

One sector that's conspicuously weak in this respect is travel, transportation, and logistics (TTL), comprising everything from local and long-distance public-transport businesses to leisure-travel operators and logistics service providers. While each is unique, most depend on global physical networks and on large, distributed workforces.

An analysis of McKinsey's Organizational Health Index (OHI) shows that, on average, businesses in this sector score no better or worse, overall, than those in others. But they fall down in promoting accountability among their employees (exhibit).

This low score is important given the capital-intensive nature of businesses that move goods and people. Travel, transportation, and logistics companies are also often service providers. In the

best, employees play important roles in reducing costs and increasing efficiency while creating a positive experience for customers and ensuring their safety. Without clear accountability, employees have difficulty rising to these challenges.

The problem is most acute in the way companies in the sector create and communicate performance goals and explicit definitions of what employees are expected to deliver. Managing performance contracts—one of four practices that contribute to accountability—is and will probably remain problematic because of the frontline-heavy and often unionized nature of travel, transportation, and logistics workforces.

These companies (and others that share their characteristics) should therefore focus harder on the other three management practices that promote accountability: role clarity, personal ownership, and consequence management. McKinsey OHI data show that role clarity (clear organizational structures) and personal ownership (a culture of personal responsibility)

Many travel, transportation, and logistics companies struggle to hold employees accountable.

Organizational Health Index (OHI) outcome

Travel, transportation, and logistics companies vs global benchmark,¹ difference in median score²

Thresholds for comparable or lower significance vary across outcomes.

■ Comparable ■ Significantly lower

Direction	5
Leadership	0
Coordination and control	0
Capabilities	0
Motivation	0
Innovation and learning	0
External orientation	-1
Culture and climate	-2
Accountability	-5


¹Data for travel, transportation, and logistics companies are derived from 31 surveys with 61,029 respondents; for global benchmark, 737 surveys with 1,259,322 respondents.

²Statistical significance is defined by differences (higher or lower) that fall outside of the 95% confidence interval for chance error. Scores for 6,802 employees in middle management not shown.

Source: 2015 database, Organizational Health Index (a McKinsey Solution)

are strongly correlated not only with improving accountability but also with organizational health overall.

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Travel, transportation, and logistics companies that manage their assets and people in this way stand a better chance of surviving in an environment that's getting tougher. 

The authors wish to thank Emily Caruso for her contribution to this article.

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