ENGLISH SUMMARY

Goal and foundations for the research

This research aims to provide a better understanding of PA’s strategies by assessing their development and logic, which includes identifying those specific conditions that apply while developing new strategies. To that end, this PhD thesis compiles five different research papers that each applies a different perspective on the strategy of the PA. Practically speaking, this research strives to offer PA strategy-makers some valuable insights. The academic goal, meanwhile, is twofold. First, this thesis builds upon concepts from general strategy research and attempts to evaluate whether these concepts apply to the various strategic challenges that PAs face, based on the strategic scope that they choose. A key issue of analysis, then, is the specific organizational characteristics that PAs have and how these impact both their strategy-making and method of analysing said strategies. This investigation not only supplements the knowledge developed within the field of port research, but also contributes to strategy research in general. Second, the research adds to the academic knowledge on port management by unraveling relationships between PA’s internal and external aspects and their strategy-making.

The entity of research is the PA that operates under a landlord model principle and that faces reform of its own organization but also of its institutional and market context. The typical PA in our research is primarily responsible for the development and management of the ports’ land and infrastructure whereby private companies dominate the operations. The PA is merely in public ownership and can institutionally vary between a department of a governmental body, an autonomous organization subject to governmental control, or a corporate entity acting under private law but with public ownership. The PA pursues both public and private goals and resembles the nature of a hybrid, shared value organization. Its operational domain is restricted, both geographically as with regard to port operations and services, but its strategic domain shows a tendency towards creating value, both for the port as for their own organization. The PA acts in a specific institutional environment that can vary between countries or regions and thus between the different PAs. This, as a consequence, conditions in different ways its strategic behavior. The main revenue drivers of our focal PA are port dues paid by the shipping lines and land rent paid by the companies that are located in the port. In some cases PAs receive additional governmental funding.

This PhD research on the PA strategy builds on following foundations laid by previous research:

- PAs become more autonomous, financially self-sustaining organizations which increases their needs for more commercial, business firm alike strategies.

- Just like other business firms PAs can gain yield from reconsidering their business models.

- Just like other business firms, PA’s strategy making can gain by using concepts from business management research.

- The institutional context of PAs substantially guides but also conditions their strategic possibilities.
The relative position of PA’s to the port cluster and to their relevant business networks impact their strategy making.

**Content and results of research steps**

The first step in the research was characterizing the PA and exploring the possibilities for bridging general strategy analysis with PA analysis. Although amongst them differing in institutional structure, PAs can be defined as value sharing organizations, combining both private and public characteristics. PAs show public aspects like ownership and funding, but act in a competitive environment and are increasingly accountable for their performance, both from an economic and a societal perspective. As a result, they increasingly develop strategic intent. And as such, they are interesting research entities for the analysis into the usefulness of theoretical concepts that are developed for strategy analysis in the private towards the hybrid domain, e.g. in the context of the shared value concept as brought up by Porter and Kramer (2011). Confronting the selected concepts with the strategic issues and the specific attributes of PAs has learned that using the lenses of strategy research perspectives certainly can help understanding the strategic directions and positions that PAs choose (or neglect). It has also learned that the nature of the PA implies specific conditions or even a reconsideration of the key premises of the theoretical lenses for their applicability.

We suggest that the strategic challenges PAs face in their current operating environment also reflect the evolution in strategic management thinking, whereby more actor-related attributes are added to the various research frameworks. This evolution loosens the traditional strict conditions of profit maximization, rationality and transparency, whereby more integrated concepts like co-evolution and network theory gain importance. For the strategy research field in general, we can conclude that PAs as hybrid, shared value organizations are interesting domains for research, to further develop the concepts that are already in place for the private-for-profit firm and to strengthen the analytical base that is available for research into the strategy of organizations. From a managerial PA perspective, we conclude that the specific nature of PAs conditions their strategy making, especially from the perspective of the more private, for-profit domain.

The next step adds to the understanding of the PA’s strategy process by applying a cognitive perspective. The strategic cognition of firms’ executives constitutes one of the explanatory variables for their strategic decision-making process. Furthermore, cognitive processes are influenced by the contexts, both past and present, of the executives and the organization. As a result, managerial perceptions may vary across industry contexts and histories. The research herein builds upon this proposition and hypothesizes about the overlaps and divergences in strategic beliefs between the executives of PAs and those of ‘regular’ for-profit firms. We observe based on the empirical analysis executed, that PA’s executives in their thinking to a large extent resemble ‘regular’ executives. At the same time we see some differences underlining the - at some point specific - strategic context in which PAs operate. Especially the long term planning background of PAs may influence their strategic thinking, resulting in thinking more in terms of logic, analysis and deliberateness than in intuition, creativity and emergence. This difference implies a careful consideration of the PA as a specific organization in applying generic concepts from strategy research and interpreting its results. This also underlines the need to give more
emphasis to inside-out approaches in PA strategy research, whereby the organization’s attributes are taken as starting point for their strategy making.

Following the first two research steps that were rather on the strategy process, next steps focused at the PA’s strategy content. First action is the analysis of the (changing) strategic scope of PAs worldwide and an exploration of the relationship between PA’s institutional structure and their strategic scope. Based on the analysis of data obtained from a global survey, a set of conclusions was derived. First, PAs substantially engage in a variety of activities that go beyond a landlord role, and this behavior will increase in the future along functional, geographical and organizational dimensions. Second, the ranking of strategic goals according to their level of importance shows the shared value character of PAs. Third, the different institutional settings of PAs impact both the strategic goals and strategic actions of PAs. Our analysis shows that PAs with more autonomy and a more businesslike institutional setting put more emphasis on firm-level goals, whereas PAs with more government involvement and less autonomy give more weight to macro- and cluster-level goals. Fourth, although we could not comprehensively test the relationship between a PA’s institutional structure and its strategic scope, some tentative conclusions can be deduced. Corporatized PAs (i.e., governmentally owned, but with the organization and behavior of a corporation) show the greatest involvement in activities beyond the landlord. They also show more involvement in stimulating and facilitating activities in the port cluster than PAs with a larger share of private ownership (purely or partly private PAs), but less so than PAs with a more governmental character, the latter of which perform the most stimulating and facilitating activities in the port cluster and pay the relatively highest attention to sustainability.

By combining the results and conclusions, we arrive at the observation that more autonomy and a more business-like structure in PAs widens their strategic scope and brings in more business-like goals. However, this might also imply two possible shifts: one where the focus moves away from goals at the macro level to goals at the firm level; and one where the role gravitates more away from facilitating activities and closer toward investing and entrepreneurial activities. These developments can certainly have a positive impact on the performance of PAs and the ports they serve, but at the same time ask for a well and continuous consideration of the thoughts about the key functions and responsibilities of the PA, both within the port itself and in relation to its primary stakeholders and governing bodies.

After have assessed the strategic scope of PAs from a broad perspective the research focuses at two of the concrete scope directions a PA can adopt: developing hinterland strategies and internationalization. Using a case study approach, the research on the hinterland strategies discusses the strategic reorientation of both PAs and terminal operators towards the port’s hinterland and the implications for the interrelationship between these actors. Market voids and government failure give PA incentives to engage in their hinterlands. At the same time private port operators and port users develop activities in the hinterland networks of ports. An in-depth analysis of two cases, the Port of Rotterdam and the Port of Barcelona, shows that the strategic reorientations of the two interdependent economic actors (PA and terminal operator) cannot be analysed in isolation. Such an analysis asks for an integrated investigation of the impact of changing market forces, changing institutional forces and the effects of the interrelationship between the actors. Thus, this research underlines the relevance of a co-evolutionary approach as
a tool to unravel some of the complexity inherent in the relationship between geographically related actors and between these actors and their environment. From a managerial perspective, this chapter suggests that an analysis of hinterland strategy needs to consider the strategic intentions of others in the network, including timing and the sequence in which it is implemented. This implies all key port actors, but most especially the PA that in principle has more the role of a facilitator than that of an operator.

The research step on the internationalization strategies of PAs explores the international component of PA strategy, a new approach that is not yet widely adopted. The research particularly analyses and discusses the case of the Port of Rotterdam and its recent efforts at establishing an international strategy. In line with traditional stage-based models for internationalization, our analysis considers different operating modes for the development of a PA’s international activities. The case study on the Port Authority of Rotterdam reveals the motives behind the PA’s intended and realized international activities, the strategy formation process, the action process and the context of the internationalization. PAs seem to pursue internationalization under the resource-driven logic that they can create value both for the home port and for the larger organization. In explaining such international undertakings ownership specific advantages certainly play a role: PAs looking for new value-creating activities, both for their port clusters and for their own organization, build on advantages they possess relative to other PAs. In the case of the port of Rotterdam, four ownership specific advantages were identified: 1) the capabilities and know-how of port management and industrial area development; 2) the large global business network that the PA might bring to the ‘host’ port; 3) the financial means to do an equity investment in new port developments; 4) a strong brand. Stage-based models— developed by the Uppsala School for explaining entry modes in foreign direct investment and commonly used in MNE (multinational enterprise) research - only have limited application to ports. Of much more explanatory value is the context in which internationalization can take place: possibilities provided for by the host location/country and also the institutional structure under which the PA itself operates.

Considerations for PA strategy

Based on the findings of the different research steps the research proposes a set of considerations for the strategy of the PA.

- The new paradigm for PAs is to act beyond the landlord.
- There are some serious critical comments to be given on the privatization of PAs.
- Strategy-making for a PA is a network- or ecosystem-oriented, co-evolutionary process that requires a continuous monitoring of other actors’ strategies in its ecosystem and the ability to adapt its own strategy.
- PAs may benefit from developing a resource-driven approach.
- Corporatization seems an appropriate new institutional structure of PA’s.
- PAs that reconsider their strategies and create more value in the port’s ecosystem face a serious challenge in keeping the balance between private and public goals.
Avenues for further research

This PhD research has produced some relevant insights for the practice and research of PA strategy. At the same time, there are limitations to the various studies, as well as new questions that have arisen, that could lead to further research.

1. The research has tried to develop understanding of the strategy of PAs by looking at aspects of its internal and external context. A next question is whether these strategies indeed lead to better performance. Although challenging, the first step is to find metrics that can offer a useful indication of the PA’s performance and from there attempt to relate that performance to the PA’s strategy.

2. The research indicates that PAs need to reconsider their business models and develop value-generating strategies in their ecosystems that go beyond their landlord function. A resource- and capabilities-driven approach is key to changing business models. However, the research on PA strategy shows that PAs are not heavily resource-driven and that they maintain a traditionally narrow view on their potential product market domain. Therefore, future research needs to investigate the valuable capabilities that PAs can possess or cultivate, and how these could be used for developing new revenue drivers.

3. ‘Beyond the landlord’ strategies imply that the PA will become further integrated into its value networks. The first question that needs investigation is, how far should this integration go? The second question is, how should PAs design the new transactional relationships with port companies while developing their own value-creating strategies in the port ecosystem? Game theory might offer some worthwhile insights in this regard.

4. The empirical analysis on PA’s strategic scope focused mainly on developed countries. Future research could include more ports from developing countries, which are expected to be in a different stage of development and thus have different strategic contexts. Such an expansion could enable research that is oriented toward transition paths, potentially resulting in a stage model of PA role and function development.

5. Internationalization is an emerging strategy that only a few PAs have pursued. Research into the intentions, the reasons why or why not of PAs concerning an internationalization strategy, provides insight in expected future developments. At the moment only a few ports follow such strategy, also because of institutional limitations in host countries and reserved attitude of port’s managers and stakeholders. One interesting question is whether the increasing private investment in port infrastructure will negate these hurdles. Naturally, private investors want a return on their investment, which is best guaranteed by the best management of these assets—but that manager is not necessarily the local PA. Thus, private investors may begin offering incentives that can attract world-class port managers to the port they invest in, ultimately laying the foundation for a global port management market. From this possibility, two interesting research questions arise: will private investment in port infrastructure increase? And will this lead to a global market for port management services?