

# Dilemmas of Balancing Organizational and Public Interests: How Environment Affects Strategy in Dutch Main Ports

ANS KOLK, *University of Amsterdam*

MARK VAN DER VEEN, *University of Amsterdam*

Corporate social responsibility implies more attention to company relationships with governments and other stakeholders. The need for intensive interaction is most conspicuous when company activities come close to the provision of (former) public goods, which also have strong environmental and social implications. This article examines how ports deal with environmental issues in their strategies and relationships with other companies and stakeholders, focusing more on win–lose situations than on the well-known win–win opportunities. It analyses the dilemmas at the interface between public and private management in case studies of Schiphol Amsterdam Airport and the seaports of Rotterdam and Amsterdam. Despite increasing interaction and recognition of the side effects, less attention is paid to the economic risks of the ports' expansion strategy and of the government focus on transport. The debate on the environmental limits to growth seems a good opportunity to consider the economic limitations as well, thus helping a strategic reorientation. © 2002 Elsevier Science Ltd. All rights reserved.

**Keywords:** Corporate strategy, Environmental management, Ports, Public–private management, Stakeholder relations, Win–lose dilemmas

Literature on strategy and the environment generally focuses on the private sector, on companies that successfully exploit the economic benefits of environmental management (Kolk, 2000). Relatively little is known about strategic environmental management in situations where such win–win opportunities do not exist, and in companies with clear public tasks. This most conspicuously applies to the provision of (former) public goods and services which have strong environmental and social implications. This article analyses the relationship between strategy and the environment in such situations, focusing on companies that provide airport and seaport facilities, and on the way in which they try to balance their organisational interests with public and stakeholder demands.

Ports cover large areas of land, competing with other possibilities for utilisation, including housing, nature and recreation. As they are usually located close to cities, ports bring considerable noise disturbance, air pollution and security risks. A further growth increases these negative effects, leading to societal debate. Therefore, ports that aim to expand face a complex situation, involving win–lose rather than win–win scenarios. To acquire support for a growth strategy, they can emphasise that the economic benefits also accrue to the region, country and the public

at large. At the same time, however, to reduce their environmental and social impacts, ports have to convince the companies that use their facilities of the need for measures and sometimes even for a relocation to other parts of the port area. But ports do not have a direct say over these customers, and such requests affect the relationships with these companies, negatively influencing ports' competitive position. Hence, while port management can design a strategy, the actual decision highly depends on the interaction with government authorities and a whole range of stakeholders.

The dilemmas of ports reflect a broader tendency in which the widespread recognition of the importance of corporate social responsibility has had profound implications for the relationships between companies, governments and non-governmental organisations (Kolk *et al.*, 1999). The interface between the market, the State and civil society, as presented in Figure 1, is showing rapid changes. The dividing lines between these three groups of actors, their functions and the goods they provide, become increasingly blurred. Whereas companies have been accustomed to frequent interactions with governments, privatisation has implied that they may also take over some former State functions. Moreover, the frequency of contacts with civil society representatives has multiplied, accompanied by corporate announcements or measures to show the intention to play a societal role. Hence, the number of companies that currently sticks only to the market corner of the triangle is relatively small (Van Tulder, 1999a, p. 24), with intensive activity in the overlapping parts of the circles (cf. Picciotto, 1997, p. 355; World Bank, 1997, p. 116).

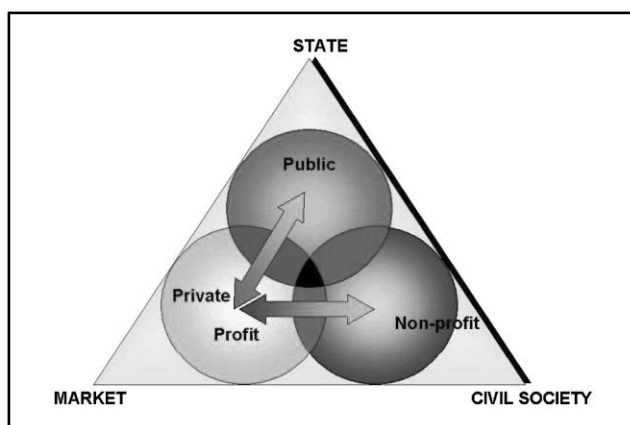
Companies that provide port facilities are firmly placed inside the triangle, experiencing pressures from all directions and from a multitude of stakeholders. Discussions will be waged about who appropriates the benefits of their activities, who bears the costs (negative externalities) and what kind of

governance and ownership structures — public, private or mixed — are needed. While these controversies encompass difficult win-lose situations rather than the applauded win-win scenarios, the interplay provides much more opportunities to obtain insights and learn from complex dilemmas.

This article analyses these dilemmas at the interface between public and private management in the major ports in The Netherlands: Schiphol Amsterdam Airport and the two seaports of Rotterdam and Amsterdam. In the Dutch policy context, Schiphol Airport and the port of Rotterdam are designated 'mainports'. Although some suspect that the popularity of this one-word expression stems from the fact that it sounds English to its Dutch users, the most likely origin is container shipping. In the 1980s, container shipping companies started to refer to Rotterdam as the 'main port' for Europe, which fell in line with their approach of selecting one specific port per continent. What the term does reveal, however, regardless of its origin, is the importance attached to transport and infrastructure in the Dutch economy. As part of an overarching government policy entitled 'The Netherlands, distribution country', the so-called 'mainport strategy' aims to attract flows of goods transported between other countries to The Netherlands and channel them through Dutch air and seaports. This policy has enabled the rapid growth of the ports. However, controversies have increased likewise, particularly in view of the limited space available in a densely populated country such as The Netherlands, and the negative environmental and social effects felt by its inhabitants. For the companies in question, this situation has been particularly complex.

The article, which is based on company interviews and the analysis of primary and secondary material, examines how the Dutch mainports have dealt with environmental issues in their strategies, and in their relationships with other companies and stakeholders, including the government. The evolution of such strategic environmental management is particularly interesting because the ports do not carry out polluting or disturbing activities themselves, but provide the enabling facilities. The analysis of cooperation, competition and consultation focuses first on the companies in the 'value net', following Brandenburger and Nalebuff (1996) (see Figure 2). For the cases in question, Schiphol airport and the two seaports of Amsterdam and Rotterdam, particularly competitors ('co-opetitors') and complementors/customers are important. Subsequently the two other sides of the triangle (Figure 1), governments and societal stakeholders, are dealt with to understand how these relationships have evolved and affected corporate decisions.

The case descriptions are followed by an analysis of the broader policy context in The Netherlands, characterising business – government interactions



**Figure 1 Managing at the Interface Between Profit – Non-profit and Private – Public.** Source: Van Tulder (1999a, p. 25)

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