

## Emerging Port Authority communication strategies: Assessing the determinants of disclosure in the annual report



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### ARTICLE INFO

#### Article history:

Received 18 November 2012  
Received in revised form 26 April 2013  
Accepted 29 April 2013  
Available online 25 May 2013

#### Keywords:

New public management  
Strategy  
Port Authority  
Communication

### ABSTRACT

Following the profound environmental changes and the growing complexity of public–private interactions in transport chains, new managerial and governance practices have been introduced by Port Authorities (PAs) in many countries. The redesigning of governance mechanisms deeply transformed both the content and formulation process of PA strategies, in conformity with a more managerial orientation and a private-sector focus.

Indeed, leading PAs pursued aggressive growth strategies aiming at exploiting business opportunities and expanding their international reputation and visibility, and reinforced their relationships with those stakeholders which may deeply affect the ultimate success of the port. The achievement of such objectives, requiring a large amount of resources, often needs the adoption of innovative forms of communications in terms of new media and disclosed contents.

Focusing on PA disclosed topics, and performing a content analysis on the annual reports of 38 sampled PAs, this paper addresses the emerging relevance of disclosure in PAs and aims to: i) analyze the content of corporate communication; ii) measure the innovativeness of the disclosure; and iii) investigate its potential determinants. The empirical findings provide insightful responses for achieving a deeper understanding of the reasons triggering public institutions to innovate their communication to public and private stakeholders.

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### 1. Introduction

Over the last 30 years, a wave of public sector management reforms has provoked a profound institutional turn both in advanced economies and developing countries. The role and institutional imprint of the state and other public entities (e.g., municipality, region, etc.) have been under pressure to be more market-oriented, initially in developed nations and then also in some developing countries supported by leading international organizations (e.g., International Monetary Fund, World Bank, etc.).

These transformations are the result of a number of drivers, basically ascribable to the progressive economic and fiscal crises of the state, questioning the sustainability of the active public involvement in economic activities (Stewart & Walsh, 1992). These new practices and techniques inspired to private logics have commonly been labeled New Public Management (NPM) or new managerialism. The notion of NPM has evolved over time and has deserved the attention of many scholars (Pollitt & Bouckaert, 2011; Wollmann, 2003). Indeed, the central feature of NPM is the attempt to introduce and favor across public services both the performance incentives and the market-oriented

vision which are widespread in a private environment, establishing new managerial and organizational practices (Metcalf & Richards, 1990).

Therefore, NPM has become popular shorthand for defining a largely similar administrative doctrine, capturing most of the organizational, managerial and strategic changes taking place in the public services (Dunleavy & Hood, 1994). Indeed, a review of the literature suggests that NPM is not a homogenous whole, as it unveils several overlapping elements belonging to diverse reform trends (Aucoin, 1990; Ferlie, Pettigrew, Ashburner, & Fitzgerald, 1996; Flynn, 1993; Pollitt, 2007) in various economic, political and organizational domains.

Moreover, in recent years some authors questioned the transitory nature of NPM along the evolution and reform of public administration and introduced the concept of New Public Governance (NPG), as a new paradigm of public service delivery (Pollitt & Bouckaert, 2011; Savoie, 1995). The notion of NPG, indeed, embraces a multi-actor perspective and suggests the adoption of a variety of vertical and horizontal mechanisms linking various actors such as politicians, governmental organization committees and representatives, interest groups and citizens (Osborne, 2010).

In particular, new public managerial and governance practices have profoundly transformed and reshaped the organization, the managerial vision and the strategic attitude of the Port Authority (PA), i.e. a public institution deserving a major role in the development of the global trade and the enrichment of nations. Basically, this governing body is

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a state, municipal, public or private institution, which is largely responsible for the tasks of construction, administration (and sometimes the operation) of port facilities, and, in certain cases, even for security (World Bank, 2007). The PA is both called to defend the public interest in its own domain, and to develop the port business, by setting strategies capable of promoting, attracting, guiding and coordinating private ventures (Ircha, 2001).

PAs have traditionally assumed three typical functions: (i) landlord, (ii) regulator and (iii) operator (Baird, 2000; Baltazar & Brooks, 2001; Van Hooydonk, 2003; Verhoeven, 2010). More recently, a fourth function has emerged, (iv) the so-called “community” or “cluster” manager, a concept which was introduced and developed by De Langen (2004a, 2004b, 2007). This new competence, which is intrinsically linked to the changing nature of port communities and stakeholders, and relates both to economic and social dimensions (Verhoeven, 2010), has driven PAs to enlarge their strategic focus and intents, in functional and geographic terms.

Moreover, over the last years, PAs have experienced a dramatic wave of changes in governance settings, in response to organizational, operational, and financial criticalities emerged in many ports. These changes, related to the introduction of new managerial practices, have transformed PAs in players not only active in defending the public interest, but also in bodies having a leaner organization, a managerial vision, and a proactive strategic thinking (i.e. new managerialism).

Although the evolution of port institutional framework has a common root at an international scale, the reform process was implemented on a country basis, taking into account the nature, the constraints and the heritage of local background. As recognized by some authors (Brooks, 2007; Ng & Pallis, 2010), despite the international convergence towards the landlord concept, often this common shorthand hides a wider and heterogeneous spectrum of alternative port management structures and ownership models (Brooks, 2007).

Within the academic debate on the heterogeneity of governance models, some authors tried to understand the determinants of this divergence, emphasizing cross-country differences, and addressed the consequences of the implementation of alternative management structures and ownership models (Jacobs & Notteboom, 2011; Ng & Pallis, 2010). The diverse management and corporate governance mechanisms have been found to be affected by the different cultural heritage generated by the port and the country background and the diverse nature and intensity of PA interactions with local public administrations and the central government (Brooks, 2007).

Across public administrations, the PA therefore represents an ideal field for evaluating how managerial practices have been differently conceived and implemented across various countries. Addressing the notion of new managerialism in PAs, the heterogeneity of diverse national backgrounds allows to appreciate the strong differences arising in terms of strategic behavior, stakeholder management, and emerging communication strategies.

In literature, however, only a few pioneering attempts have investigated the communication strategies of PA decision makers (Pando, Araujo, & Maqueda, 2005), or the most common media used by PAs (Cahoon, 2007). Indeed, these insightful contributions disclose some inherent limitations. First, previous contributions pursue a “partial” approach essentially focused on marketing communication, neglecting other relevant aspects such as institutional communication. Second, the extant literature lacks of a sound theoretical framework outlining the drivers of the evolving PA orientation towards communication. Finally, the analysis is often limited to a specific geographic area, or few case studies. These shortcomings call for a deeper investigation on the contents, the quality of communication and the determinants driving PAs to innovate their disclosure.

In this regard, the manuscript, assuming an exploratory perspective, aims to: 1) analyze the content of PAs' disclosure by applying content analysis techniques; 2) measure the innovativeness of communication, developing an ad-hoc disclosure index, and 3) investigate its potential

determinants. This contribution, therefore, attempts to add to the extant literature addressing communication strategies in PA, whose hybrid nature imposes a deeper investigation of the ways through which a strong alignment of public and private interests might be achieved (Koppell, 2006; Perry & Rainey, 1988).

The manuscript is organized as follows. Section 2 provides an extensive literature review and develops the research hypotheses. Section 3 shows the applied methodology, while Section 4 outlines and discusses the main findings of the analysis. Finally, Section 5 provides implications for practitioners and academics before concluding.

## 2. Strategy, stakeholder management and communication: the determinants of innovative disclosure

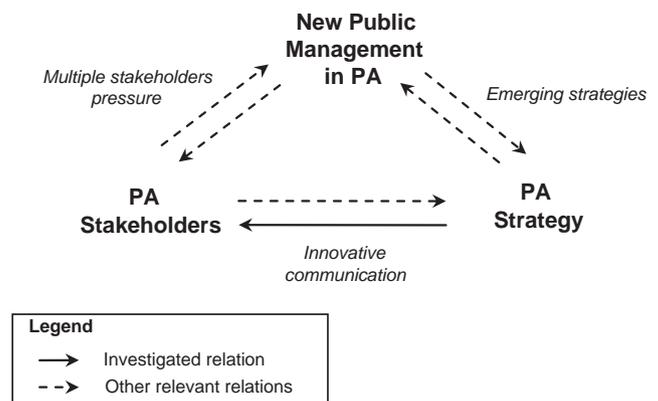
### 2.1. Multiple stakeholder pressure and emerging strategies: towards an innovative communication

The growing adoption of new managerial and governance practices in PAs, has been basically triggered by some major determinants, including: i) the emergence of “new” external factors, i.e. the proliferation of numerous environmental variables pressing public administrations to adopt radical changes in their own organization and in the definition of processes and objectives (e.g., security, green issues, new technologies, financial austerity, etc.), ii) the “pace” in market transformations and innovations, driving public actors to be able to respond proactively, and iii) the environmental complexity deriving from the increasing interactions and interdependencies between public and private actors, as PAs are growingly exposed to international challenges in terms of regulations, global competition, overseas partners, etc.

The new environmental setting, in which PA is now called to operate, modified the nature and intensity of the PA relations with the major groups of stakeholders and prompted profound changes in PA strategies. The introduction of new managerial practices and techniques in PA organization represented a *viaticum* for developing new strategic approaches and proper instruments in order to face changing market conditions and more dynamic and demanding stakeholders (Fig. 1). At the same time, the implementation of new PA strategies and the emergence of rising stakeholder pressure lead to new NPM insights, thus improving managerial and governance theories and practices.

### 2.2. Stakeholder pressure on PAs

Environmental and competitive transformations, have induced various stakeholders to exercise a growing and “multi-directional” influence



Source: authors' own elaboration.

Fig. 1. Strategy, stakeholder management and PA innovative communication: conceptual foundations in a NPM perspective.

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