



## Stakeholder management and path dependence in large-scale transport infrastructure development: the port of Antwerp case (1960–2010)

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### ABSTRACT

The present paper argues that the effective implementation of new, large-scale seaport infrastructure projects provides a stimulus to policy makers to engage on a path of continuous reflection on who and what matters in decision-making: the continuous updating of one's understanding of spatial differentiation of stakeholder views is critical in this respect, and involves the real inclusion of spatially proximate and spatially distant stakeholders.

We analyze the role of path dependency in the socio-political process of long-term strategic port planning and the related requisite governance changes needed for effective implementation of large scale port projects. We mainly base ourselves on the most recent insights from stakeholder theory and the strategic planning literature, applied to the transport sector. Further, we take as a starting point one of the criticisms on path dependence that its proper application warrants more attention to temporal dynamics. We attempt to define these temporal dynamics and argue that (1) these are best identified by means of stakeholder-based analysis, and (2) long-term, strategic port planning based on real stakeholder inclusion can act as a driver for governance change in the broader port region or port system.

We use a case-based, action-research type methodological approach, analyzing the strategic port planning process of the port of Antwerp to support our argument. We combine diachronic analysis of stakeholder inclusion in port planning, with an analysis of the general economic and infrastructural evolution of the port area and its impacts on stakeholders since 1960, and pay special attention to port governance changes during the period 1960–2010.

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### 1. Introduction

In this paper, we analyze the role of path dependence in long-term strategic seaport planning, with a focus on two key parameters. First, the 'subject' of this planning, i.e., large-scale investment projects. Second, the governance mechanisms deployed to select and implement these projects. We build upon [Pearson \(2000\)](#) and [Kay \(2005\)](#) who argued that applying the path dependence concept involves analysis of temporal dynamics. Temporal dynamics in this case imply that important changes in investment strategy and governance are usually triggered by a set of events, i.e., exogenous events as well as shifts in the roles and behaviors of stakeholders, occurring prior to these observed changes.

We show that stakeholder-based analysis can provide a useful lens to analyze path dependence as described above. We also demonstrate that sufficient attention to stakeholder inclusion can go a

long way towards implementing effectively the 'right' investment projects and improving governance, even though there may be a significant time lag between such stakeholder inclusion and the resulting, observed changes in investment strategy and governance. Stakeholder inclusion means in this case substantial ex ante involvement of port users, local communities, interest groups, government agencies and other relevant stakeholders in the port planning process.

By identifying the effects of stakeholder inclusion (or the lack thereof) on investment strategies and governance change processes, we contribute to both stakeholder management and path dependence theories.

Several scholars have identified the need for increased participation and formal inclusion of stakeholders in infrastructure planning and related project evaluation ([Banville et al., 1998](#); [Bickerstaff et al., 2002](#); [Stough and Rietveld, 1997](#)). In particular local stakeholders (local communities, local interest groups, municipal governments) deserve special attention in the context of transport infrastructure planning. Various case-study-based analyses have been written of infrastructure expansion projects with a focus on the importance of the local stakeholders in strategic planning and implementation. These case studies include airports

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(Caruana and Simmons, 2001; Feldhoff, 2002; May and Hill, 2006), seaports (de Langen and Visser, 2005; Gleave, 1997; O'Connor, 2010; Wiegman and Louw, 2011), rail networks (Charlton et al., 1995), etc. Here, much attention has been paid to the evolving conflicts between different geographic interest levels (local versus regional versus national) and to the interface between cities or urban regions and their airports/seaports in the context of particular projects. However, little attention was devoted to path dependence, in terms of contextual forces (and changes therein) driving stakeholder inclusion, and the impact thereof on investment project analysis and governance (e.g., changes in the institutional design of port authorities, which are responsible for planning, managing and developing 'hub' infrastructure).

The path dependence concept and the related historical, institutional analysis is not entirely absent in the literature on transport infrastructure development or transport policy. Recent contributions in this sphere include applications to public–private partnerships (Mu et al., 2011) and seaports (Debie et al., 2007; Jacobs, 2007; Ng and Pallis, 2010). The broader field of regional economic development has also discussed the applicability of the path dependence concept, see Martin and Sunley (2006). These authors have included, as possible parameters affecting the path of local economic development, elements such as region-specific institutions, social norms and cultural traditions. Further, they have argued that these contextual parameters, as sources of path dependence, vary across locations, and can also be multi-dimensional in nature. This path dependence perspective is consistent with the insight from stakeholder theory that the influence of particular stakeholders and their objectives is contingent upon the context at hand (Campbell, 1997), and can change over time and through space (Beaulieu and Pasquero, 2002; Friedman and Miles, 2002; Winn, 2001).

The stakeholder concept is now commonly used in transport project evaluation (De Brucker and Verbeke, 2007), but it has not yet been included in path-dependence focused, longitudinal analyses of strategic seaport planning processes. In the present paper, we establish the link between path dependence and stakeholder dynamics. Here, we make a distinction between location-independent and location-dependent changes in the roles and behavior of stakeholders – changes driven by contextual parameters – and the impact thereof on strategic seaport planning.

## 2. Spatial and temporal dynamics of stakeholder management in seaport regions

Port authorities, which are often formally responsible for strategic seaport planning, must take into account the diverging goals and preferences of various stakeholder groups, thereby balancing the need for efficiency in day-to-day port operations and effective implementation of long-term port development plans. Notteboom and Winkelmann (2002) and Moglia and Sanguineri (2003) have illustrated how concepts from the stakeholder management literature can be applied to the port sector and contribute to sustainable port development.

When engaging in active stakeholder management, spatial aspects should be taken into account (e.g. van Tulder and van der Zwart, 2006). In international business research, 'institutional distance' is used as a concept explicitly addressing the spatial aspects of stakeholder management (Kostova and Zaheer, 1999). The concept is applied to show the increasing challenges of stakeholder management when a firm decides to invest internationally. Institutional distance in the context of international business is determined, inter alia, by (1) the distinction between 'home' environment and 'host' environment stakeholders, and (2) the fact that stakeholder groups in different countries have different views

on what constitutes 'corporate citizenship'. According to Kostova and Zaheer (1999), an increase in institutional distance will typically make it more difficult for foreign multinational enterprises to maintain organizational legitimacy.

For port authorities, recent developments suggest that the generic concept of institutional distance has become very important. Foreign activities of port authorities are common for only a limited number of large port operating companies, such as PSA (Singapore), Hutchinson Whampoa, Dubai Ports and the Port of Rotterdam, which recently invested in a port in Oman as well as in Brazil. However, the concept of institutional distance can also be applicable in a purely domestic context, whenever the port expands further away from its historical location, e.g. from the city center towards other municipalities or locations 'populated' with different stakeholders than in the original location. In most cases, this expansion results in an increasing number of stakeholders affected by the port's development. In particular in a landlord governance model, whereby the port is owned by a local public authority such as a municipality or city, port expansion could result in increasing institutional distance and related institutional barriers to further port development. In most cases, stakeholder groups in 'host municipalities/regions' have idiosyncratic views on what it entails for the port authority to be (or become) a legitimate 'corporate citizen'. These stakeholders have historically (i.e. over a long time period) not been influenced by port development and have not experienced the related positive and negative externalities of economic port activities, as they were positioned at 'the periphery' for a long time (Ball, 1996). As a result, stakeholder expectations towards port activities and port expansion can vary substantially when taking into account spatial dimensions. In other words, the path dependent trajectories of previously peripheral stakeholders' preferences regarding port investments and governance will likely be very different from those of stakeholders located closer to the port's core. Here, a tailored approach to stakeholder management and governance is required to achieve organizational legitimacy in the entire port region. This managerial challenge may be exacerbated if a port authority develops an extended gateway strategy, explicitly intended to increase the reach of the 'home port location' into the regional hinterland (cf. Hall et al., 2011; Notteboom and Rodrigue, 2005; Rodrigue et al., 2010).

With regard to the temporal dynamics of stakeholder management in the port context, a *first* observation is that this dimension is actually strongly linked to the spatial dimension, because as noted above, previously peripheral stakeholders (from both a geographic and managerial salience perspective) lack the experience of port activities. *Second*, port planning processes as well as the lead-times for the construction of port development projects are lengthy (Heaver, 1995). Large-scale port development projects are typically characterized by long-term impacts, subject to a high level of uncertainty (e.g. employment impacts, environmental impacts) due to changes in the socio-economic, technological and political environment. When impacts actually materialize (and diverge from initial expectations), this may lead to changes in the salience stakeholders attach to impact categories over time. Such dynamics add to the complexity of managing stakeholder relations, in particular for the key institutions managing port development, i.e., port authorities.

Both above dimensions, i.e., the geographic (or spatial) dimension and the dynamic (or temporal) dimension, represent two faces of path dependent stakeholder management. The vertical axis in Fig. 1, shows 'location independent changes in stakeholder structure and interests', with 'structure' referring to changes in the stakeholders themselves, i.e., their appearance or disappearance, and 'interests' referring to changes in objectives of existing stakeholders that are unrelated to location. Here, path dependence obviously matters, but stakeholder groups' preferences are not affected by geography. Examples include the general increase of salience of environmental pressure groups and changes in the regulatory re-

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