



Vrije Universiteit Brussel

Integrating “triple P” bottom line performance and local community perception on the “license to operate”: towards new partnerships between port cluster stakeholders

PPRN Meeting Norfolk 2014

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Background (1)

- Increasing importance of continuous, proactive and inclusive stakeholder management, both in daily port cluster management as well as planning processes
 - Formerly mainly ‘top-down’ exercises, once every few years
- Increasing stakeholder activism around ports, in particular the rise of power of local community interest groups
 - Formerly only attention to economic stakeholders (port user associations)
- Increasing (public) availability of port cluster performance data, in different perspectives, with stakeholders generating own data on port cluster performance:
 - Formerly only attention to tons / cargo throughput

Background (2)

- Need for a more balanced view on port performance: “triple bottom line” performance management:
 - People: creation of employment, safe working, ...
 - Profit(/Prosperity): creation of sustainable financial profit, attraction of cargo, improvement market share,...
 - Planet: limiting environmental impacts, security,...
- Ports moving into annual Sustainability Reporting, according to GRI standards:
 - www.globalreporting.org
 - Industry supplement for ports not existing yet



Background (3)

- Case study Port of Antwerp:
 - Award-winning sustainability report
 - Collaboration with a large amount of stakeholders
 - Audited and certified process
 - Dedicated website <http://www.sustainableportofantwerp.com/en/>
- Other examples: Hamburg, Gothenburg, Valencia,...
- Increasing attention on the global level: PIANC and IAPH taskforces

Background (4)

- While *“triple bottom line performance”* presents an objective “real” image of performance, it does not reflect entirely the strength of the more subjective and perception-based *“license to operate”* from local community stakeholders
- Few port authorities (or port cluster managers) have structured approaches to measure the strength of their *“license to operate”* within the local community
- *“The legitimacy of the corporation as an institution, its **“license to operate”** within society, depends not only on its success in wealth creation but also on its ability to meet the expectations of diverse constituents who contribute to its existence and success”* (Post, Preston and Sachs, 2002)

How to measure the *“license to operate?”*

- Element of legitimacy: is the port authority (port cluster manager) perceived by the local community as a responsible, accountable corporate citizen?
- A number of elements towards other citizens (or stakeholders), difficult to measure in quantitative terms, play a role:
 - Transparency of the port cluster managing body
 - (Quality of) communication of and with the port cluster managing body
 - Commitment of the port cluster managing body towards participation
 - How the impacts (both positive and negative) of the port cluster are experienced by the local community

Case-study Port of Antwerp (1)

- “Experience study” (Universiteit Antwerpen, 2012-13)
 - Based on 20+ individual interviews with stakeholders (government, user associations, unions, interest groups...) and 50 citizens divided within focus groups
 - Objectives:
 - How do local communities / stakeholders experience the port cluster (positive/negative)
 - How to increase participation from citizens (concepts, strategies)?
 - Indicator suggestions for the Sustainability Report: longlist of 64 indicators to measure citizen experience

Case-study Port of Antwerp (2)

- Concrete suggestions (not operationalized yet):
 - Indicators on commitment and participation
 - Opportunities for societal reflection
 - Investment in social capital for participation purposes
 - Public character / transparency of information
 - Reducing the distance / increasing the identification with the port cluster activities
 - Indicators related to impact experience
 - Anticipation on complaints and treatment of complaints
 - Actual experience of impacts

(Source: Universiteit Antwerpen, 2013)

Case-study Port of Antwerp (3)

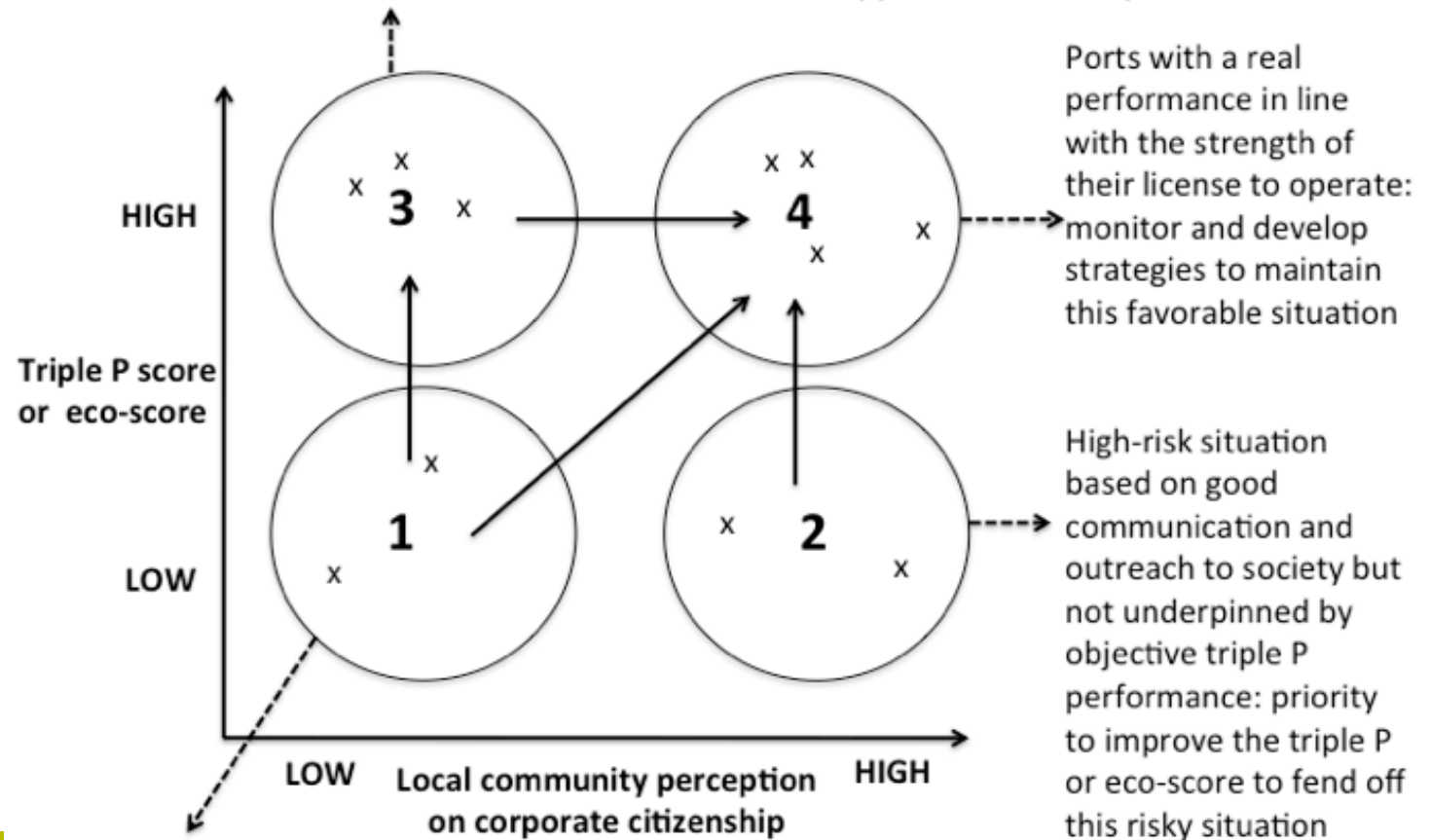
- Lessons learned:
 - 4 main themes of experience:
 - Economic importance & employment
 - Traffic/Mobility
 - Environmental impact
 - Governance complexity and transparency
 - Organizing interaction through existing structures is better than unorganized interactions:
 - Important role of Port Centers and other local initiatives/interest groups
 - Important role of transparency of governance structures
(Source: Universiteit Antwerpen, 2013)

Strategic relevance (1)

- Both triple bottom line performance and license to operate have limited strategic value for strategic port cluster management, when analyzed separately:
 - Both dimensions need to be analyzed in a relative perspective, i.e. benchmarked to peers, including learning opportunities
- **Main hypothesis: the stronger the triple bottom line performance of a port cluster, the stronger the license to operate?**
- Anecdotal evidence seems to suggest this relationship does not hold in all circumstances
 - Cfr. Port of Antwerp: ongoing important difficulties getting approval for main spatial planning documents; important tensions between Left Bank and Right Bank stakeholders remain; etc.

Strategic relevance (2)

Medium risk situation: ports with a high performance on the triple bottom line (or eco-score) but with limited support for the license to operate: improve the communication strategy as well as other initiatives to increase the local societal support to move to quadrant 4



Conditions for implementation (1)

- Triple Bottom Line perspective:
 - Existence of standards for port cluster Sustainability Reporting
 - Existence of benchmarking standards (port cluster diversity)
 - Benchmarking culture to define weak and strong performance on the triple bottom line
 - Willingness to be transparent and to learn
- License to operate:
 - Definition of suitable indicators
 - Uniform measurement system : Port Center collaboration?
 - Development of meaningful benchmarking
- **Potential to use the framework without availability of benchmarking positions, for an individual port?**

Conditions for implementation (2)

- Yes, under the following conditions:
 - Joint assessment (stakeholder inclusive dialogue) of the starting position
 - Joint agreement on development path of both dimensions
 - Joint definition of action plans and strategies to improve / maintain position in the matrix
 - Yearly monitoring to assess the evolution of the position in the matrix

Conclusion (1)

- Current evolutions in world ports warrant attention to the ***link between triple bottom line performance and the license to operate***, in relation to both the overall port cluster strategy and stakeholder relationship management
- The Port Authority, as the central and main port cluster manager, plays a crucial role in the process of Sustainability Reporting (triple bottom line performance)
- The development of indicators on the relative strength of the license to operate might shed ***new, additional perspectives on port cluster strategy development / priority of actions towards the local community***

Conclusion (2)

- Port Centers could **facilitate data collection for “license to operate”** related indicator development and calculation
- Linking the “objective triple bottom line perspective” and the (partly) “subjective license to operate perspective” creates important **learning opportunities**:
 - On the success (or failure) of inclusive stakeholder management practices
 - On the success (or failure) of communication strategies
 - On governance quality and transparency
- Implementation of such a strategic monitoring tool requires substantial resources and stakeholder commitment, but offers the **potential to create renewed, positive partnerships between local port cluster stakeholders**



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