

**CITY UNIVERSITY OF HONG KONG**  
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**An Exploratory Study in Strategy Formulation  
of New Generation Container Port**  
新一代集裝箱碼頭公司決策模式  
的探索性研究

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## **Abstract**

The United Nations Conference on Trade and Development (UNCTAD) officially outlined a three-generation model to classify different stages that port industry has experienced (UNCTAD, 1992). In the first generation, port was rather isolated from trade activities and its development was totally under the municipal authority. Port performance in this stage has barely influence on economic development when economies at that time were highly closed. This stage, later in 1960s, was ended when commercial trades became active in cross borders with raw material and finished goods transported internationally. So in the second stage, port is no longer a public infrastructure but also playing a key role for private commercial activities. During this stage, there is a global trend that private actors have been taking place of public actors on port operation due to the serious concern over low port productivity. Such development force created by the private participation has escalated the resource base of port industry and largely promoted the port evolution, which significantly distinguishes the first and the second generations. The third generation rose due to the break of containerisation which precipitated specialization. Terminals, dedicated for container services, have experienced a fast growth since its birth in 1980s. To sum up, port evolution is not a linear progress but periodically with key events to restart every stage.

What arouses the interest of this study towards the above three-generation model is whether port industry has involved to the new generation or not. With this question, this study reviews previous literature on port strategic management, and it turns out that port has evolved its organization since its third generation. Various previous studies have dedicated their efforts in investigating the stages of port evolution, and each of them have a specific angle looking into this issue, such as the impact of technologic advancement (WORKPORT, 2000) as well as the emergence of global terminal operators (UNCTAD, 1999). During reviewing their work, this study finds that organizational evolution occurs and be documented in previous studies only with different emphases on the disparity of port evolving strategies. In other words, they were discussing about different aspects of the same new generation which does not necessarily define ordinary sequence for each aspect in the evolution. Concerning this complexity of the port evolution, this study adopts the resource-based view (RBV) as the theoretical tool for case study regarding the research question on the port evolution issue.

There are two fundamental reasons for this study to build the theoretical base ahead of the case study. Firstly, the theoretical base can help the understanding of port evolution issue. Despite of difference in strategies, terminal operators, like other entities taking the corporation form, behave following certain rules under the description of previously well-defined theories and the RBV is one of the significant theories in explaining organizational behaviour. Through this theoretical framework, it is possible to draw out implications from the analysis which suits the case of other

port companies in the industry. Secondly, apart from applying the theory as the analytic tool, this study also contributes to improve the theory with a dynamic feature incorporated the institutionalism, which is usually independent from the RBV in explaining power. This study has managed a way to integrate the two theoretical frameworks and creates a new Advanced RBV with explanatory power not being possessed by the two independent theories before, such as the source to generate innovation within the organization during the evolution. Even the resource base remains the same firm still can possess innovation ability if it is willing to jump out of the comfort zone which is usually delimited by institutions formed in the past, which forms the core of proposition 3 when the other propositions, 1 and 2, are generated from the classical RBV and the dynamic RBV respectively. In this respect, this study also uses the case to contribute to the theorization. In other words, rather than simply applying the theory, this study also contributes to the theory itself with the evidence of the case in terminal industry for the contribution.

To address the research question and examine the conceptual framework, this study takes Hongkong International Terminals (HIT) for case analysis. After the in-depth investigation, a changing stage is proved to be existed with the comparison between the pre- and post-stages, which endorse the point that the third-generation model is no longer capable to describe port development, and. With the evidence in the investigation, the discussion chapters answer the research questions raised in introduction chapter with 1) the 4-pillar model for “what is the new generation” question, 2) the process of the terminal conducting “periphery shift” and “boundary

shift” for “how port evolves” question and 3) the importance of “proactivity” that the new theory contributes to port companies during evolution.

To sum up, this study makes the contribution to both the application of the RBV theory in port industry as well as the improvement of the theory itself. Besides the theoretical contribution, this study also gives suggestions to both governments and terminal operators. For governments, the less participation in port operation activities does not necessarily compromise their role in supervision, especially for the security factor. On the other side, it is essential for GTOs to make use of its abundant resource to conduct innovative activities. GTOs, comparing with other actors, have the initiative for innovation and also the one with such capability. If GTOs do not take this action, it will be dangerous for terminal industry to keep its energy and generate welfare for economy and society.

**Keywords:** port generation model; port evolution; resource-based theory; institutionalism; dynamic capacity; organizational change; Hong Kong