

GIVING OUT BUT NOT GIVING UP: THE PORT OF LISBON AUTHORITY (1907-2005)

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ABSTRACT

This article explores the way government has been managing the antagonism between institutional forces towards efficiency and those towards control in the international seaport of Lisbon. We conclude that the antagonism emerges in the presence of certain institutional forces, like economic downturns and political changes, that stimulate the adoption of new adequate templates. Governments have come to manage this antagonism through the separation between the strategic and operational structures, and by controlling strategic issues while giving operational autonomy. As such, organizational transformations have reflected this way to manage the antagonism. Given the emergence of new institutional templates (e.g. corporate governance) we also identify major challenges governments will face to integrate contradictory institutional forces.

INTRODUCTION

Due to major societal transformations that occurred in most western countries, public service organizations are becoming leaner (Guiddens, 1998). A mix of competitive pressures at the state level, and institutional pressures for the public sector organizations to adopt private sector templates of efficiency and resource rationality (Carter & Mueller, 2002; D'Aunno, Succi, & Alexander, 2000), is boosting accelerated organizational change in public sector enterprises. National governments are struggling to manage this change in the midst of a complex set of institutional forces including public opinion, political party activities, professional associations, unions, and supra-national regulatory organisms.

In this context, many countries are implementing political and administrative reforms in order to cope with these external pressures, by adopting institutional arrangements in line with the most salient and often contradictory values, norms and rules that these institutional factors impose (Jones & Thompson, 1984). In many cases, these political reforms have generally been captured by the New Public Management approach (Howlett, 2004).

Private management principles have come to achieve higher legitimacy within western societies, becoming the institutional template for public administration. As a result, there is a growing conviction that governments “are to be evaluated on results, ...work on quasi-market situations,...[be] agile in performance, able to adopt private sector administrative techniques, and [be] focused on client-citizen [needs]” (Cabrero, 2005) .

In this way, the new public management philosophy has lent governments a myriad of administrative prescriptions for the public sector reform in the last twenty years. These

include administrative changes such as privatization, contracting-out, downsizing, results-based budgeting and regulatory reform, all of which represent a facet of the new public management rhetoric (Cabrero, 2005). With smaller budgets and precise targets, states are dropping out from providing public services themselves and turning to a regime of representative regulation, by using other control instruments like advisory boards or direct regulation, to govern specific sectoral relationships (Howlett, 2004). In sum, states have come to endorse public management in a way similar to Metcalfe's (1993: 179) definition of public management as the art of "getting things done through other organizations".

Though some studies report limited impact of these reforms, finding a reproduction of the functionally-based organizing arrangements that existed before new public administration reforms have taken place (McNulty & Ferlie, 2004), others have found mixed results, with significant increases in public management efficiency and a growing client-citizen orientation (Rieder & Lehmann, 2002). They have referred to this as a very sensitive and important point, since the success of the new public management institutional template could be seen as a crucial matter for the legitimacy of the present reforms and for those yet to come. However, as new institutional approaches argue, the legitimacy of an institutional template depends more on the "underlying interpretive scheme" (Greenwood & Hinings, 1996) or "socially constructed mind" (Selznick, 1996), rather than on objective success indicators. As Cabrero (2005) has put it:

As new sociological institutionalism has explained, legitimacy is established through symbolic mechanisms and not necessarily through actions, or even less through results. (p. 92)

This means that, ultimately, the adoption of a template and its consequences for the public sector reform depend less on the effectiveness of the implemented changes than on valued schemas and legitimized and isomorphic forms (Seo & Creed, 2002; Hasselbladh & Kallinikos, 2000; Oliver, 1991). This is in accordance with Townley's (2002) conception of institutionalized templates as "rationalized myths". As she argues, business planning and performance measures have been taken as central to gain control over expenditure and bring accountability into public management, and as such, have gained the status of rationalized myths viewed as the route to better management.

However, Townley (2002) has also called attention to the pluralistic character of institutional environments, which means that templates grounding new public management reforms must co-exist with other different and sometimes rival ones (Johnson, Smith, & Codling, 2000; Beckert, 1999). Though we can consider that there can be an hierarchy of templates, it is probably their inter-relationships that brings up the complexity of institutional environments.

In this case, other templates related to public management may also be relevant to analyse public sector metamorphosis. For example, the role of governments as to ascertain and promote the common good and to attempt to achieve this end (Jones & Thompson, 1984), is another institutional template in western societies. If so, these templates may not only dispute a higher place in the social hierarchy, but can even coexist problematically and have difficulty in not obstructing each other (Cabrero, 2005). For example, while governments may privatize a certain public service, this is not without some costs in terms of the control for the quality of the service. Even if

other measures can be put in place to control the services' outcomes, like increasing sector regulation, direct control is lost. As public ownership means that all citizens of a community or state have legal claims on the organization's assets and profits (D'Aunno et al., 2000), governments must handle certain public administration reforms in a difficult and multiform institutional environment.

This raises the question of how national governments have been managing these antagonistic institutional forces, one calling for the need to improve public management efficiency, which we can name the *efficiency template*, and other referring to the need to maintain the control over public goods and services, which we may call the *control template*. This antagonism may be probably even higher in core strategic sectors for a nation, like the energetic, the communications or the transportation ones.

In this article we explore the way Portuguese government have been managing the antagonism between the efficiency and control templates, using the case study of a public enterprise, Port of Lisbon Authority (PLA). The article unfolds as follows. We first describe the methodology, the data sources and the data analysis strategy. After, we describe the institutional context of PLA and its evolution in terms of major organizational transformations. We then discuss systematically how organizational forms of PLA reflect the way the Portuguese state has come to manage the antagonistic institutional pressures. Finally, we present the implications of our analysis to the future of public management.

METHODOLOGY OF STUDY

To study the efficiency/control antagonism, we relied on the case study analysis of a Portuguese state owned enterprise in the transportation industry – Port of Lisbon Authority. We thought this would be the appropriate place to conduct our study for the following reasons. First, in-depth historical case studies are considered as useful to conduct exploratory research (Yin, 1984). Second, many studies have used case-study research in institutional contexts, in order to capture how institutional forces influence the behaviour of organizations (Washington, 2004; Greenwood & Hinings, 1993; Laurila & Lilja, 2002). Third, PLA was institutionalized in 1907 (almost 100 years ago) and, as such, has faced different institutional contexts. Fourth, PLA has gone through a series of major organizational transformations and successive restructuring along its history. Fifth, PLA performs an important strategic function to the country. Seaports like PLA play a critical role in determining a nation's competitiveness and economic health, given their function as trade gateways. In Europe, they represent about 90% of the intercontinental commercial trade (Haarymeyer & Yorke, 1993). For these reasons, we expected the antagonism between efficiency and control to be very high in this case.

Data Sources

The strategy for data collection was also guided by our own research question. As such, we defined three key areas to gather information. Those were (1) seaports information and jargon understanding; (2) information about the institutional templates and institutional context of PLA throughout its history; and (3) data on the sequential major transformations in PLA's organizational form.

The need to get this diversity of information lead us to a triangulation strategy (Glaser & Strauss, 1967) in which we collected data from multiple sources. These included an exhaustive consultation of archival data like planning and accountant annual reports (available from 1921 to 2003), strategic documentation, legal information as the laws defining major organic transformations of PLA, European Union directives and recommendations in the domain of transportation, and hard data from worldwide seaports activities. Archival data is an important source of information in a case study (Locke, 2001) and is quite appropriate if we want to track factual organizational evolution. It has been used extensively in studies analysing institutional issues (McNulty & Ferlie, 2004; D'Aunno et al., 2000; Deephouse, 1996).

We also interviewed two key persons of PLA (who were at the organization for more than 10 years). These were the Head of the Department of Studies and Planning and the Responsible for the Documentary Archive of PLA. In addition to the access to the organization and documentation, these interviews were important because: first, they could give us a framework to analyse the evolution of PLA, even if it was their own view; and second, their comments and information was fundamental in guiding our collection of archival data. It helped us to set up some priorities in the myriad of information that we could select. For this purpose, following the strategy of others (e.g. Rindova & Kotha, 2001), we also consulted various books related to the history of PLA and with the historical context of its development.

Data Analysis Strategy

In our inductive approach to understand how governments have come to deal with the efficiency/control antagonism we engaged in a continuous comparison process between theories we were developing and the data, which drove a recurrent re-examination of data and revision on our explanatory theories (Eisenhardt, 1989). This occurred in a very iterative fashion as we were producing and analysing a growing number of memos with important analytical value (Locke, 2001).

As we conducted our historical analysis, we felt like a detective struggling to pick up multiple evidence in a convergent manner in order to come across with some consistent response to our problem (Yin, 1984). An example was the hypothesis that successive ideologically different governments have come to give privilege to one or another institutional force, an hypothesis which emerged as we conducted the chronological analysis. We thought this was a viable way to look at this data because there is a strong empirical correspondence between socialism (and thus socialist governments) and power of the state and capacity to resist privatization (Carroll, Goodstein, & Gyenes, 1988). However, since we could not get consistent data to support this efficiency vs control political character, we had to move further for other stronger explanations.

It was then that we decided to deploy the sequence of events anchored not by an institutional criteria but by the major formal transformations that occurred in the structure of PLA. Newman (2000: 603) has defined organizational transformation as the “intra-organizational change that leaves the organization better able to compete effectively in its competitive milieu”. In a public company, organizational transformations may be seen as changes in the organizational form in order to become

isomorphic with legitimized institutional templates. This is the definition of organizational transformation we adopt here.

Based on dates and periods of time that PLA has gone under formal organizational transformation, we characterized organizational changes and related them with relevant institutional facts occurring within those same periods of time. With this analytical strategy we were able to set a consistent sequence of events and rule out contingent relationships that were quite straightforward to answer our research question.

Our recollection of the main institutional forces influencing PLA since 1907 was driven by the analysis of archival materials. Especially important for the identification of the major institutional contextual features were Board Presidents' messages in the Annual Reports. All this information gave us the opportunity to identify key institutional forces influencing PLA and to make inferences about which institutional templates have emerged throughout the five periods we considered in the analysis. The deployment of these institutional forces into five analytical periods allowed us to make inferences on the relationship between the institutional contexts and organizational transformations.

All the analytical process was followed by two of the authors working individually in a way that, after completing the successive intermediate analysis, case histories were compared in order to guarantee construct validity (Miles & Huberman, 1994).

THE CASE OF PORT OF LISBON ADMINISTRATION

In this section we describe the results of our analysis of the PLA case. Major transformations in PLA have occurred by governments' legislative initiative. These changes in the organizational form of PLA happened in four landmarks since its foundation in 1907: 1934, 1948, 1987 and 1998. As such, up to our days, PLA has assumed five different organizational forms constituted by different structures. We took them as key evolutionary periods, following the procedures of previous authors (Washington, 2004; Rindova & Kotha, 2001).

Institutional landmarks in PLA evolution periods

Periods	Name	Institutional Context
1907-1934	Lisbon Port	<ul style="list-style-type: none"> - Port of Lisbon Administration is Born (1907). - Fall of the Monarchy (1910). - First Portuguese Republic (1910-1926). - World War I (Portuguese participation in the Allies). - Military Dictatorship (1926-1932). - 1930's Economic Crisis.
1934-1948	Lisbon Port General Administration	<ul style="list-style-type: none"> - New State Governance (1932-1974). - World War II (Portuguese neutrality). - Decrease in Lisbon port traffic after the World War II.
1948-1987	Lisbon Port General Administration	<ul style="list-style-type: none"> - Portuguese colonial war in Africa (1961-1974). - First Oil Crisis (1974). - Democracy implementation (1974). - Second Oil Crisis (1979). - Central Coalition government (1983-1985). - Third Oil Crisis (mid 1980's). - Portugal enter the European Economic Community (1986). - Center-right government (1985-1995).
1987-1998	Port of Lisbon Administration, Public Institute	<ul style="list-style-type: none"> - Fall of the Berlin Wall (1989). - EU White Paper on "Sustainable Mobility" (1992). - EU enlargement to 15 Countries (1995). - Asiatic crisis (1997). - Center-left government (1995-2001).
1998-2005	Port of Lisbon Administration, Anonym Society	<ul style="list-style-type: none"> - Euro introduction (new currency). - September, 11 (2001). - EU enlargement to 25 Countries (2004). - Center-right coalition government (2002-2005). - China enters the World Trade Organization (2005). - Center-left government (2005).

According to our methodology and in order to better explore the research question, we present the data structured by the periods of time identified according to formal moments of structural change. Within each period, we first characterize the main institutional forces that relate to the organizational transformation of PLA (Figure 1). Then we deploy the major organizational transformations of PLA and the main institutional forces that relate to the organizational transformation of PLA (Figure 2).

PLA evolution periods and organizational transformations
in name, structure, and the rhetoric for change

Periods	Name	Structure	Rhetoric for Change
1907-1934	Port of Lisbon	<u>Board</u> : president, custom-house director, maritime centre department chief, chamber of commerce representative, navigation firms rep., railway rep., exploration director engineer	“Any port should have an autonomous administration”
1934-1948	Port of Lisbon General Administration	<u>Board</u> : general administrator, port director engineer, state accountant rep., hydraulic and electric rep., expert in economic issues <u>General Administrator</u> <u>Port Director Engineer</u> <u>Consultative Council</u> : board president, port director, LP area municipalities reps., hydraulic and electric rep., Lisbon custom-house rep., maritime centre department chief, firms and navigation agencies reps., fisheries rep., information, tourism rep., roads rep., railway rep., chamber of commerce and agricultural associations reps., ministries reps.	“the principle of independence of port services” “Give to the administration the means to make quick and adaptive decisions” “Autonomous general administration” “Port administration should represent government thought”
1948-1987	Port of Lisbon General Administration	<u>Board</u> : president and three members (with vote); state accountant rep., Navy rep., custom-house general direction rep. (with no vote) <u>Technical Commission</u> : board president, general director, and directors of the administrative, financial, exploratory, industrial, and equipment services <u>Consultative Council</u> : board president, port of Lisbon area municipalities reps., Lisbon custom-house rep., port of Lisbon captain, firms and navigation agencies reps., fisheries rep., information, popular culture and tourism rep., roads rep., railway rep., importation and exportation chamber rep. (chosen by the Ministry of Economy), other ministries reps. <u>General Director</u>	“Extended responsibilities for the Port Director, which is raised to the level of General Director” “The government stilled thinking that the port administration should represent government thought”
1987-1998	Port of Lisbon Administration, Public Institute	<u>Board</u> : president and four members chosen by prime-minister, the minister of finances and the minister of the sea <u>Fiscal Commission</u> : president and two members chosen by the minister of finances, the minister of the sea. One member chosen by PLA employees. <u>Consultative Council</u> : board president, tourism rep., territory planning rep., national institute for ports and coasts rep., environmental issues rep., nature conservation rep., Lisbon custom-house rep., port of Lisbon captaincy rep., commercial navy rep., natural resources rep., fisheries rep., roads rep., railway rep., port of Lisbon area municipalities reps., navigation agents rep., port operators rep., commerce and industrial associations reps., employees union reps., local fishery union reps.,...	“an increase in productivity” “Members of the board with public manager status” “government establishes responsibilities at the organizational level”

1998-2005	Port of Lisbon Administration, Anonym Society	<u>General Assembly</u> : ministry of finances and ministry of sea reps. (with vote), board members and unique controller (with no vote) <u>Board</u> : President and four members Unique Controller <u>Port Coordination Commission</u> : board rep., captaincy rep., ministry of equipment rep.	“Clarify the role of state and private initiative” “exclusive public capital” “send to Finance Minister and Equipment Minister the Annual Report”
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THE LISBON PORT: 1907-1934

Institutional Context

Almost immediately after PLA was born, Portugal turned to a republican system. The democratic regime that followed lasted for as much as 16 years. These were turbulent political times, with so many governments (about 45 in the 16 years), some of which lasted for only weeks. The economic crisis and the insecurity climate that were the rule, ended with a military blow in May, 1926. Then a military dictatorship was instituted until 1932. In between, Portugal has actively participated in the World War I with an army of about 30,000 soldiers.

In 1932 a new political regime was instituted by Oliveira Salazar who became the President of the Ministries Council. He called this new political order the “New State”. A set of measures and policies were then implemented to bring economic prosperity and security for the country. At an international level, economy was affected by world war and by the great economic depression of the 1930’s which caused an economic downturn in countries worldwide. In 1934, two years after the “New State” had been instituted, PLA suffered its first major transformation.

Organizational Trnsformations

PLA was the first port in Europe to be constituted as a separate organization in 1907. This event was coincident with the authorization given from the King D. Carlos I, king of Portugal, to the government to explore the port of Lisbon. The law instituting the organization explicitly stated that it is given “the management of the respective services to a board, under the immediate authority of the Ministry of Industry, Commerce and Public Construction”. We can find a reification of the reason to change that, given the emergent technological advances (e.g. the wood was substituted by steel and iron, and little boats for much bigger ones) and the end of a private concession for the port exploitation, the port should now have an “autonomous administration”.

The board was constituted by a President, with the other board members being representatives of other stakeholders or organizations with which the port have close and interdependent activities (Figure 1). This was, respectively, the case of the chamber of commerce and the railway representatives. An Exploration Director Engineer was

also a member of the board. This last member was responsible for a part of the administrative management, including preparation of the issues to be discussed in the board meetings.

The board was the single internal structure, playing both the role of administration and that of operational management. In fact these were non-separated roles as its function was to explore the port and manage its inherent activities. The role of the administration was thus to manage taxation for those who used the port services or equipment, especially the foreign and bigger boats, as well as to define the equipment needs and propose to the government a set of measures to improve port functioning. As such, its mission was to progressively improve port conditions with proper funding. The board president could, up to a limited amount, decide some investments. Above that limit, superior ministerial approval was necessary.

LISBON PORT GENERAL ADMINISTRATION: 1934-1948

Institutional Context

During the 1930's, totalitarian regimes were flourishing all over the Europe. This came to an end with the occurrence of world war II in 1939. Portugal declared neutrality in the war. However, Portugal could not escape the negative effects in the economy. In the years immediately subsequent to the war, Portugal faced a major economic downturn. In the 1948 report introduction, the President of the Board of PLA wrote:

In the middle of the crisis the world is living, it would be a miracle if the port of Lisbon could escape.

And he continued:

In the presence of such a fall on incomes (...) and the impossibility to create immediately new sources to increase it, there is only one way to act: to compress the expenses until the limit we effectively receive.

At this very same year, 1948, the second major organizational transformation was carried out.

Organizational Transformations

The first major transformation in the organizational form of PLA came only in 1934. Its depth can probably best be captured in the name of the organization which had meanwhile changed to Lisbon Port General Administration (PLGA). Three new structures were created: the Port Director, which was responsible for the port technical exploitation and rigging; the Consultative Council, which had a consultative character only, and the figure of the General Administrator itself, which was a consequence of a new definition of board membership. Besides the President, the board was now constituted by others (see Figure 1). As a whole, the structure was explicitly and clearly broken into its operational, administrative, consultative and strategic functions.

This was based on the “principle of independence of port services”, but always remembering that “port administration should represent government thought”. In line with this, although the investment budget until which PLGA could make autonomous decision-making was raised considerably, higher investments still depended on ministerial approval. Within these limits, a relatively high degree of discretionary behaviour increased for the board and other structures.

LISBON PORT GENERAL ADMINISTRATION: 1948-1987

Institutional Context

After World War II, Portugal continued submerged in the normality of the “New State” regime (especially as a result of Portuguese neutrality in the war). But in 1961 the country entered into an overseas war with independence armed movements in its African colonies (Angola, Mozambique and Guinea Bissau). This was important to PLA because, given the role this seaport played during the colonial war as a fundamental means to transport troops and machinery, it acted as an institutional force. However, this influence was for stability as its economic and strategic situations had then increased.

The war overseas lasted until 1974 when the regime has fallen and a free democracy was instituted in Portugal. This period was also marked by the world economic instability provoked by the oil crisis of the 1970's. Although the 1974 political turnaround can be characterized as a peaceful revolution, transition to free democracy was a turbulent period in which center-left and center-right parties even had to join to form a central coalition block in order to rule out the communists.

As the economic crisis continued up to the 1980s (given the third oil crisis), the country came to reach a stable government only in 1985 with the center-right Social Democratic Party winning alone the majority of the parliament. Stability, both social, political and economic, was also a requirement for Portugal to enter the European Economic Community (EEC), which came to happen in 1986. The entry into the EEC brought new rules to the Portuguese ports, namely in issues as the principle of free maritime traffic services, the compliance with the free market rules, and free access to oceanic traffic from other countries in the community.

Two years after the beginning of political government stability and one year after the Portuguese entry into the EEC, the next major transformation was made in PLA which turned it into a public institute.

Organizational Transformations

A second major change in the form of PLA was implemented with the law number 36:976, enacted in 1948. According to this law, the Port Director was raised to the position of General Director and assumed the operational management with a high increase in decision-making. He could now propose to the board measures and construction projects to increase the quality of port services. The new General Manager

could also authorize costs up to a certain level and could even take many decisions on suppliers. With this organizational transformation more operational autonomy was attributed to this position. This was accompanied with the drop out of the General Manager from the Board. As such, a clear distinction was now effective between the administrative/operational function and the administration/strategic function.

Another change was the creation of a Technical Commission to study technical and exploitation problems, though it had a consultative character only. The Consultative Council was maintained with the role of being consulted in the issues of taxation, regulation and other matters important for the stakeholders. In fact, the number of its members was raised as can be seen in Figure 1. The board stilled in the dependency of the government whenever their decisions involved budget investments of a considerable amount, but autonomy had increased and its function was now essentially strategic rather than operational.

PORT OF LISBON ADMINISTRATION, PUBLIC INSTITUTE: 1987-1998

Institutional Context

After the Portuguese entry into the EEC in 1986, major European political and economic events occurred. Since the fall of the Berlin Wall in 1989, Europe has come to witness the drop of many other barriers and the European Union (EU), the successor of EEC, has enlarged its borders to include Austria, Finland and Sweden in 1995.

Common policies development have come to constitute the core of EU activity and thus to strongly influence national politics and decision-making. In 1992, the EU launched the white paper on “Sustainable Mobility”. The aim of the report was to establish a trans-European network through the integration of transport systems which would also be more protective for the environment, safer for individuals, and had more social safeguards for employees in the sector. The need for a white paper was justified by the growing transport saturation, the imbalance on the distribution of traffic between the different modes of transportation and an increase in the damage to the environment, particularly due to the rise in road traffic and consequent pollution. The EU policies acted as institutional forces to PLA as the need to resource rationalization and efficiency of seaports became very salient (especially to fight more pollutant truck transportation).

In 1995, Portugal turned politically to the left, with the center-left government being supported by a minority in the parliament. Even though, the Socialist Party government was able to give continuity to the privatization policy initiated by its predecessor center-right government. This was also true for the port of Lisbon. Privatization of operations, mainly through concessions, got further and, in 1998 PLA has come to engage in its last major transformation until today.

Organizational Transformations

In 1987 the PLA changed its name once more to Port of Lisbon Administration, the name that remained to our days. And it was more than a label change. Guided by the

need to “increase productivity” of the port, the government transformed PLA into a Public Institute. Following a series of similar transformations in other areas of Portuguese public administration, PLA became a legally independent organization with administrative, financial and patrimonial autonomy. Although similarly to all previous organizational forms the board members were chosen by the government, the board had now more formal and legal autonomy to pursue its mission. They continued to need budget and accountant report approval, but this was all they depended from the government. Concession and licensing decisions, for example, were now possible without governmental involvement. Given the privatization through concession of most operational functions, PLA was transformed in a *quasi*-administration-only public organization, with relatively few operational work remaining.

Top internal structures were reduced to three: the Board, a Fiscal Commission, and a Consultative Council. While the Fiscal Commission was responsible for the examination of the port accountancy, Consultative Council maintained its previous attributions. This last structure swelled even more, with new stakeholders like employees and port operators being represented. In the whole, this was a real major transformation, with the government establishing only responsibilities at the organizational level. However, the internal structures were essentially controlled by those that were decided by the government ministries.

PORT OF LISBON ADMINISTRATION, ANONYM SOCIETY: 1998-2005

Institutional Context

Since 1998, PLA did not register any major transformational change. Its institutional context, however, have changed considerably. The adherence in 1998 to the founding group of countries of the Euro (€), brought with it the requiring convergence criteria, namely, price stability and tight control over the public budget deficit and public debt. These criteria rose the pressure for Portuguese governments to increase efficiency in public management.

But private markets also suffered severe changes. First with the EU enlargement to the Eastern countries, and then with the entry of China in the World Trade Organization, the need for productivity improvement became even more salient. Efficiency and resource rationalization transformed into the *telos* for virtually all economic and social activity.

Internationally, the world was confronted with the 9/11 terrorist attacks. As western democratic states “discovered” that they were not invulnerable to attacks, they strengthened the control over security.

In the political realm, Portugal has witnessed turbulence. With the voluntary dismissal of the prime-minister in 2001, a center-right coalition government was in power for about three years until its dismissal by the Republic President. As the result of the last election in 2005 gave a parliamentary majority to the center-right Socialist Party, some political stability has returned to the country.

Organizational Transformations

The last major transformation in PLA took place in 1998. Due to the need to “clarify the role of the state and that of the private initiative”, PLA was transformed into a Anonym Society, with a General Assembly a Board and a Port Coordination Commission. As an enterprise managed by the general code of Anonym Societies (the same as for the private enterprises), the shareholders General Assembly and the Board function as any other private Anonym Society. The Port Coordination Commission has the role of submit its opinion on matters as navigation security and maritime signalling. It is composed by a President (a representative of the board) and two other members, one representing the Port Captaincy and another chosen by the Equipment Minister. Traditional stakeholders usually participating in a Consultative Council have no more a role in the structure of PLA.

By turning into a Anonym Society, PLA had to adopt private sector accountancy rules. However, it has exclusive public capital, the only shareholder – the state – being represented in the General Assembly by a representative co-jointly chosen by the Ministries of Finances and that responsible for the ports. Thus, PLA does not depend directly from the government and has attained its highest level of independence and autonomy ever. Neither its budget or report are anymore sent to approval for any Ministry (though they are necessarily reported, it is not for direct approval). However, it is the government that represents the only shareholder of PLA.

Though PLA still have some operational managerial responsibilities, as in the issues related to nautical activities (e.g. recreation seamanship, nautical tourism) and tourism cruise ships, its core activities are now focused on the economic exploitation, conservation and development of the Lisbon port, including the management of licences and concessions, authorization and regulation of public construction or repairing equipment on ground or in sea, loans and other financial operations and security issues within the borders of its administration zone. The operational function is thus becoming even shorter than before.

HOW GOVERNMENTS HAVE MANAGED ANTAGONISM: INSTITUTIONAL FORCES AS DRIVERS

The rich history of PLA revealed that the choice of this organization to study our research problem was appropriate. Not only the results allow us to set a possible explanation for how governments have been managing the efficacy/control antagonism, but they also indicate some major institutional forces as being important drivers of organizational transformation in PLA.

Some patterns emerged from the results analysis. The first was the continuous increase in the organization’s operational autonomy and independence from the central government. From each period onwards the Board of PLA has sequentially gained higher autonomy which was accentuated after its 1987 independent juridical status where its unique dependence from central government became the approved budget and report. This is far distinct from the dependency from central government to approve

specific managerial decisions that was present in the first periods. This reveals that the NPM philosophical praise for higher local autonomy and managerial discretionary behaviour (Rieder & Lehman, 2002), was institutionalized through all the phases PLA has crossed.

However, this autonomy was just apparent, as it was accompanied by a maintenance or even an increase in strategic control from the government over PLA. In fact, as Board members were ever since chosen by government members, strategic compliance with governmental thought has been secured. Even in its latest form, as state keeps assuming the single role of unique shareholder, PLA's Board is under total governmental control. This is in accordance with previous work on NPM that has confirmed that governmental reforms are being implemented because "politicians desire more control over the professionals that dominate public services whilst, simultaneously, wanting to make them more responsible for outcomes" (Llwelllyn & Tappin, 2003: 955). Research has confirmed that through the rhetoric of managerialism and performance management, the NPM restructuring has strengthen the vertical lines of report in many public organizations (Ferlie, Ashburner, Fitzgerald, & Pettigrew, 1996).

Our case study confirms these previous assertions and goes further by proposing that this results from the process by which governments have come to deal with the antagonistic template of efficiency and control. As our analysis reveals, a second major pattern we captured was the continuous separation between administration and operations. This was evident by the exclusion of the Port Director from the Board in the 1948 transformation. It became even more explicit as PLA started its privatization process (mainly through concession) and progressively lost its operational functions and human resources. Some see the split between operational and strategic control as fundamental to the public sector reform (Llwelllyn & Tappin, 2003: 955). Others, however, consider it as resulting from the action of antagonistic forces. As Scott (1995) has pointed out:

The emergence of separate organizational functions within a firm can in itself be considered a reaction to contradictory institutional and competitive pressures. (p. 574)

Our data is congruent with the existence of such contradictory pressures. The data from institutional context of PLA offers us an analysis of the institutional templates since 1907. We found two major patterns in our analysis of the institutional forces that relate to organizational transformations. First, organizational transformation has occurred after major international economic crisis or after a high increase in competition. Second, organizational transformation was timely subsequent to political transformation (although not related to political ideology). The first set of institutional forces elicits the emergence of the *efficiency template*, while the second promotes the emergence of the *control template*. As our data supports, organizational transformation in PLA follows the happening of events that act as institutional forces that influence the simultaneous emergence of the efficiency and control templates.

We can not establish with certainty a direct influence between economic crisis and PLA transformation, but we have strong reasons to believe it exists. Data shows that PLA transformation in 1934 was preceded by the 1930's deep economic crisis, 1948 transformation was implemented right after the World War II (in a downturn of Lisbon port activity), 1987 transformation after the oil crisis of the 1970's and 1980's and the

expansion of the free trade (east opens to west in Europe, Portuguese entry in European Union), and the 1998 transformation after the expectancy of the enlargement of the European Union and the emergence of an intensely competitive market. This is congruent with existing research focusing economic and societal crisis as a requisite for template change (Greening & Gray, 1994).

Some authors have argued for a clear distinction between market and institutional pressures (Tsoukas & Papoulias, 2005; Laurila & Lilja, 2002), while others have verified that economic downturns can act as a strong institutional force to innovation and change (Barley & Tolbert, 1997). Our data supports the second thesis. Whether because economic downturns and competitive pressures directly influence organizational transformation or because they act indirectly by producing a template for efficiency (through a valuation of competitiveness in society), the fact is that economic events seem to act as an institutional force towards innovation and organizational transformation. As such, we do not intend to sustain that market forces directly drove organizational transformation in public sector organizations, but we argue that at least they set up an institutional environment that facilitates the emergence of an efficiency template that strongly influenced PLA transformation.

The other pattern we found was that organizational transformation was related to political transformation. The 1934 transformation was carried on two years after the beginning of the New State; the 1987 transformation following the 1985 center-right government victory; and the 1998 transformation, following the victory of center-left government in 1995.

We see this as a need for a new government to gain control over public sector organizations as well as a mean to use PLA as a strategic asset to launch national economic improvement. Political change has been pointed as a major institutional pressure in public sector organizations (Tsoukas & Papoulias, 2005). However, the efficiency template has become so influential, that we could not establish a relationship between government ideology and predominance of state control template. Even in the socialist government period (1995-2001), a party whose ideology should promote state ownership and control (Whitley & Czaban, 1998), government engaged in continued privatization and continuous separation between the strategic and the operational function.

At a first glance, this seems congruent with the idea that competitive pressures often set aside institutional ones (Oliver, 1997). However, as we have seen, one might doubt if the state is actually losing control over PLA or even operational control at a certain level (since PLA is fully owned by the state and taxation/regulation is still a responsibility of PLA).

In sum, our data suggests that, subject to major institutional pressures, PLA has been influenced by an institutional environment which has simultaneously accentuated two antagonistic institutional templates – the efficiency template and the control template. Governments have come to manage this phenomena by undertaking organizational transformations where the separation between operational and strategic functions were increasing. This allowed for simultaneously responding to the need to stay isomorphic with both the efficiency template and the control template. This was a process of institutionalization where components of formal structure become accepted as

appropriate and necessary (Tolbert & Zucker, 1983), as legitimate institutional templates rise within the context of PLA. By understanding governmental strategies along PLA history and the institutional forces they were influenced by, we are now in a position to anticipate (or create) possible transformations to implement in the times to come.

WHERE NOW FOR PUBLIC ADMINISTRATION?

In this section, we engage in an analytical generalization (Yin, 1984) from our discussion on PLA to other public sector organizations, especially for those of higher strategic value for a nation, as the transportation sector. By increasing its strategic control over public sector organizations and leaving its operational component with relatively discretionary power, Portuguese government has been able to overcome the efficiency/control antagonism. However, given the growing economic competitive escalation and the growing pressure public opinion is exerting on politicians (Giddens, 2003), a rise in the importance of these two institutional templates are probably to go further. This would lead governments to continue organizational transformations in order to totally free public administration from operational intervention. Many public sector organizations, like PLA, still have operational activity.

However, some have seen the mission of NPM as more than the building of less expensive and more efficient governments (Cabrero, 2005). In effect, besides the efficiency template with its process modernization and market-orientation goals, NPM “hides” other dimensions. A good amount of studies are now debating the challenges of public governance (Daily, Dalton, & Cannella, 2003; Kickert, 1997). Governance norms are those that “specify control of complex organizations” (D’Aunno et al., 2000), like the majority of public sector organizations. These are organizations caught in the middle of multiple conflicting stakeholders. This reinforces even more the need to implement organizational transformations in order to assure transparency and participation to every relevant stakeholder.

PLA is an obvious illustration. In its actual organizational form, PLA has set aside traditional stakeholders that participated in Consultative Councils. This was much in accordance with the need for efficiency gains and higher control, guiding the 1998 transformation. But a raise in the importance of democratic management – the corporate governance template – might get in contradiction with this option. As relevant stakeholders in PLA, like navigation or operations firms’ representatives are left out of the discussion on issues such as taxation or port security, the current organizational form will become misaligned with the emerging template of corporate governance. If they are left pretty much out of control on issues which are at the core of their management activities (e.g. port taxation), how can they act in order to improve their competitiveness? Where is their discretionary behaviour supposed to be present in the private sector organizations?

The corporate governance template is even more important in times of economic crisis like those the country is living now, because they pose threats to organizational form legitimacy and generate institutional pressures from stakeholders (Greening & Gray, 1994). As these authors have put it:

Following a crisis (...) stakeholders generate demands for accountability and retribution (...). Affected stakeholders pressure other institutions to take actions to force firms that have experienced crisis to make structural changes (Greening & Gray, 1994: 477).

In a crisis scenario, the emergence of new legitimate institutional templates – like the corporate governance template – will result in organizational transformation (Sherer & Lee, 2002). This means that PLA may be waiting for new transformations in near future.

The spreading of boards throughout public organizations in the end of the 19th century and beginning of the 20th century reflected the spirit that boards and commissions were an intelligent way to make the public sector more democratic and competent (Mitchell, 1997). Within boards, many possible viewpoints are to be represented. This has direct implications for the PLA and other public organizations' boards, since governments are looking to these boards exclusively in a principal-agent viewpoint, with the board (agent) representing the interests of the principal (government) (Brooks, 2002). This limited role of public organizations' boards excludes the input of other relevant stakeholders and reduces the clarity of policy development and decision-making, not guaranteeing that boards are not acting to serve particular political, social, economic, or bureaucratic interests instead of representing public interest. Research has shown evidence that whether by increasing the number of board members (Mitchell, 1997) or by creating advisory boards (McShane & Krause, 1995), higher accountability can be achieved for those being members of a board (Sahlman, 1990). However, as this study demonstrates, governments will be cautious to integrate these emerging institutional templates into those of efficiency and control, which will certainly result in new and innovative forms for public organizations.

This is of the most importance because corporate governance measures can directly contribute to efficiency improvement. The port of Singapore, for example, recently lost Maersk Sealand and Evergreen Marine (two of the major global transshipment operators) to the Port of Tanjung Pelepa, in Malaysia, after several years of market leadership in the Asian seaports. This was due to the fact that the Malaysian government has offered these operators “a say in the managing of the Port” (Gordon, Lee, & Lucas, 2004: 85).

For all of this, we think the debate about the function of boards in strategic public sector enterprises, specifically the limits of board members' discretionary behaviour (Child, 1997), will become a major topic in public management studies. Challenges are coming to public sector administration in order to understand how to best manage the integration of these many times antagonistic institutional templates.

CONCLUSIONS

The goal of this case study is to understand the way Portuguese governments have been managing the antagonism between the template of efficiency and the template of control. We met our goal by analysing the case study of a Portuguese state owned enterprise, PLA.

Based on our analysis we have reason to conclude that governments are responding to antagonistic institutional forces by engendering organizational forms that clearly separate the strategic from the operational dimension. Furthermore, at least for PLA, the government is cutting operational costs through privatization (including concessions) and reinforcing its strategic control over the organization. With this strategy, governments have been able to overcome the antagonism between the efficiency and control templates.

Given the emergent template of corporate governance, however, governments will soon possibly be confronted with the need to incorporate new values into organizational forms of the public sector. Public governance may require from governments the need to restructure its controlling mechanisms, allowing for higher participation from key stakeholders.

In conclusion, this article offers four major contributions to the field of public management. First, it explores the way organizations respond in the long run to antagonistic institutional templates, namely the efficiency and the control templates, presenting a strategy adopted for a public sector organization while it strives to overcome those contradictory forces. Second, we brought together two different kinds of literature – NPM and institutional theory – not often taken in conjunction to analyse public sector reforms. This is an important limitation since, given their particular nature, public organizations are more responsive than private organizations to changes in institutional environment (Casile & Blake, 2002). Third, although carefully, the conclusions of this study may be extensive to other public sector organizations in the transportation sector, and maybe in other areas of public management. Although conducted within a Portuguese organization, we believe many other countries are facing similar problems and challenges.

This study also has several limitations. First, the institutional forces identified are necessarily the result of a biased analysis. Other institutional influences might have been considered in our analysis. We tried to deal with this by increasing the reliability of our interpretation. For that reason, besides coming with the institutional forces directly from the documents we checked them with knowledgeable people from within the organization. Although we acknowledge both the institutional context we outline and its relationship with PLA organizational transformation are but a possible interpretation of this institution's change process, we pushed hard to make it a good one. Reliability can be enhanced with future studies analysing other types of information sources (e.g. interviewing past board director) and organizations with similar institutional environments.

Another limitation is the fact that we have not analysed financial data. This was because the objective of the study – understand how government has been managing the antagonism between institutional pressures for efficiency and for control – did not

directly required the analysis of this data. However, financial data is available and may help us identify the role non-institutional/market forces played in the history of PLA. Furthermore, there may be interrelated relationships between institutional and market influences that may come to reveal from interest and relevance, both theoretically and for practice. Future studies should also approach these questions.

Finally, we do not conclude with a clear preview of how PLA will evolve from now on. We nonetheless identified major institutional forces and templates that will probably shape the future organizational architecture of PLA. It will most probably have to enhance other stakeholders' participation in strategic decisions of the port. This might bring together the three templates of governance, efficiency and public good, as proved by the Tanjung Pelepa's Port in Malaysia

Perhaps our major contribution is to uncover a possible challenge for the public sector management in the years ahead. The emergence of other relevant templates will underscore the need to develop new organizational forms to integrate contradictory values and goals where governments may recognize that sometimes tradeoffs are necessary, i.e., to give up something so as not to give up everything.

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