

Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.

**Strategic Management Practice:**  
**A Case Study of the Port of Tauranga Ltd**

A 152.787 (75 point) thesis  
presented in partial fulfilment  
of the requirements for the degree of

**MASTER OF BUSINESS STUDIES**

in Management

at Massey University,  
Palmerston North, New Zealand.

**Jennifer M. Doughty**

2000

## **ABSTRACT**

The development, implementation, and results of strategic initiatives are important issues for organisations, and become critical when radical changes occur in the business environment.

In the period 1989 to 1992 legislation was introduced to reform the New Zealand ports sector. The scope of the reforms was extensive and has influenced business operations in this sector over the past decade. This thesis reports a study carried out to identify strategic initiatives taken by Port of Tauranga Ltd to respond to those changes. Two particular strategic initiatives were investigated: the development of container port facilities at Sulphur Point, Tauranga, and Metroport, Auckland.

A case study research approach was adopted. Multiple research methods were used to gather information for the study and to analyse the results. Preliminary studies were carried out in 1999 to identify research issues. An experience survey was designed to gather a range of perspectives from people with knowledge and experience of the company. Documents and records were analysed to track strategies conceived and implemented by the company in the research period. Experiences of Port of Baltimore in establishing container port facilities were reviewed; issues and trends relevant to this research study were identified.

The analysis revealed congruence with some theoretical aspects of strategic management. Strategic intentions were identified in relation to business initiatives. Outcomes were assessed and conclusions were reached about whether expectations for Sulphur Point and Metroport were realised. The innovative nature of these developments was examined and has relevance for strategic management practice.

## ACKNOWLEDGEMENTS

Without the cooperation of many people this study could not have been completed. I would like to thank Athole Herbert for agreeing to participate in a preliminary study in 1999, and for his encouragement to persevere with the aspiration to research strategic management practice at Port of Tauranga Ltd.

Participants in the study were generous with their time and observations and I acknowledge their contribution. The experience of meeting this diverse group and the challenge of exploring research issues with respondents was enlightening. A feature of the project was the willingness of these busy people to generously share their time, experiences, and convictions.

The initial contact with the company was with Tony Reynish. I am grateful for his assistance in coordinating my various requests. I acknowledge the help of Jo Barnett who located records and documents. My sincere thanks go to Jon Mayson, who authorised access to people and information.

I would like to acknowledge the support and insights provided by my supervisors, Dr Robin Smith and Pat Kelly, and by Dr Astrid Baker, course co-ordinator. They provided valuable advice and guidance throughout the project. Dr Baker and Dr Stephen Legg were course co-ordinators for papers completed in 1999 that were sources of background information for this thesis. They provided constructive views and advice.

My family has given their support and encouragement throughout this research study. I could not have completed this thesis without the support, endurance, and understanding of my husband, Ross Doughty.

## TABLE OF CONTENTS

<b>ABSTRACT</b>		<b>ii</b>
<b>ACKNOWLEDGEMENTS</b>		<b>iii</b>
<b>Chapter One - Introduction</b>		
<b>1.1</b>	<b>Background</b>	<b>1</b>
<b>1.2</b>	<b>Purpose of the study</b>	<b>2</b>
<b>1.3</b>	<b>Strategic management</b>	<b>3</b>
<b>1.4</b>	<b>Thesis structure</b>	<b>4</b>
<b>Chapter Two - Literature Review</b>		
<b>2.1</b>	<b>Introduction</b>	<b>6</b>
<b>2.2</b>	<b>Port sector reform</b>	<b>6</b>
<b>2.3</b>	<b>Strategic management</b>	<b>11</b>
2.3.1	Forms of Strategy	11
2.3.2	Patterns of Strategy Development	14
<b>2.4</b>	<b>Strategy Outcomes</b>	<b>22</b>
2.4.1	Strategy influences	25
<b>Chapter Three: Design and Method of Research</b>		
<b>3.1</b>	<b>Introduction</b>	<b>28</b>
<b>3.2</b>	<b>Research Strategy</b>	<b>30</b>
<b>3.3</b>	<b>Research Approach</b>	<b>31</b>
<b>3.4</b>	<b>Research Methods</b>	<b>34</b>
3.4.1	Data Collection	36
3.4.2	Experience Survey	40
3.4.3	Interviews	42
<b>3.5</b>	<b>Data Organisation</b>	<b>48</b>

<b>3.6</b>	<b>Data Analysis</b>	<b>48</b>
3.6.1	Preliminary Studies	49
3.6.2	Document Analysis	50
3.6.3	Analysis of Interviews	50
3.6.4	Port of Baltimore	52
<b>3.7</b>	<b>Ethical Issues</b>	<b>52</b>
<b>Chapter Four:</b>	<b>Research Results</b>	
<b>4.1</b>	<b>Introduction</b>	<b>54</b>
<b>4.2</b>	<b>Perspectives and Experience</b>	<b>54</b>
<b>4.3</b>	<b>Reform of the New Zealand Ports Sector</b>	<b>56</b>
4.3.1	Reform Process	56
4.3.2	Waterfront Employment	57
4.3.3	Reform Consequences	59
<b>4.4</b>	<b>Transition Issues</b>	<b>60</b>
<b>4.5</b>	<b>Strategic Management</b>	<b>61</b>
4.5.1	Strategic Planning Processes	61
4.5.2	Port Development	62
4.5.3	Development of Sulphur Point Facilities	62
4.5.4	Development of Metroport Facilities	68
<b>4.6</b>	<b>Strategy Changes</b>	<b>73</b>
<b>4.7</b>	<b>Internal Influences on Organisation Strategy</b>	<b>73</b>
4.7.1	Organisation Direction	73
4.7.2	Corporate Governance	75
4.7.3	Financial Performance	77
4.7.4	Shareholder Expectations	81
4.7.5	Management Culture	81
4.7.6	Business Ethics	83
<b>4.8</b>	<b>Industry Factors</b>	<b>83</b>
4.8.1	Industry Policy	84
4.8.2	Market Factors	85
4.8.3	Competition	89
4.8.4	Transport Infrastructure	92
4.8.5	Technology	93
4.8.6	Business Risks	94

4.8.7	Business Opportunities	95
4.8.8	Industry Trends	96
<b>4.9</b>	<b>External Influences on Organisation Strategy</b>	<b>98</b>
4.9.1	Political and Regulatory Influences	99
4.9.2	Economic Influences	99
4.9.3	Environmental Influences	101
4.9.4	Social and Cultural Influences	103
4.9.5	Port of Baltimore Experience	104
<b>Chapter Five:</b>	<b>Discussion</b>	
<b>5.1</b>	<b>Introduction</b>	<b>109</b>
<b>5.2</b>	<b>Port Sector Reform</b>	<b>110</b>
<b>5.3</b>	<b>Transition Issues</b>	<b>112</b>
<b>5.4</b>	<b>Strategic Management</b>	<b>113</b>
<b>5.5</b>	<b>Development of Sulphur Point Facilities</b>	<b>117</b>
<b>5.6</b>	<b>Development of Metroport Facilities</b>	<b>118</b>
<b>5.7</b>	<b>Influences on Strategic Management</b>	<b>120</b>
<b>5.8</b>	<b>Strategy Development</b>	<b>125</b>
<b>Chapter Six:</b>	<b>Summary and Conclusions</b>	
<b>6.1</b>	<b>Introduction</b>	<b>127</b>
<b>6.2</b>	<b>Strengths of the Study</b>	<b>127</b>
<b>6.3</b>	<b>Limitations of the Study</b>	<b>128</b>
<b>6.4</b>	<b>Further Research</b>	<b>128</b>
<b>6.5</b>	<b>Summary</b>	<b>129</b>
<b>6.6</b>	<b>Conclusions</b>	<b>131</b>
<b>REFERENCES</b>		<b>134</b>
<b>APPENDICES</b>		<b>141</b>
<b>Appendix 1:</b>	<b>Letter to Interview Participants</b>	<b>141</b>
<b>Appendix 2:</b>	<b>Consent Form for Interview Participants</b>	<b>142</b>
<b>Appendix 3:</b>	<b>Interview Template and Topic Guide</b>	<b>143</b>
<b>Appendix 4:</b>	<b>Schedule of Participants</b>	<b>149</b>

## LIST OF FIGURES AND TABLES

### Figures:

2.1	Forms of Strategy	13
2.2	Patterns of Strategy Development	15
3.1	Research Issues and Analysis Framework	49
4.1	Local Government Shareholding of NZ Port Companies 1997	76
4.2	Percentage Change in Share Market Prices	80
4.3	Forecast Recoverable Volumes Growth by Region from 1 April 1999	88

### Tables:

3.1	Six Sources of Evidence: Strengths and Weaknesses	35
3.2	Comparison of Major Survey Methods	39
4.1	Duration of Association with Port of Tauranga Ltd	55
4.2	Roles and Relationships	55
4.3	Operating Statistics	59
4.4	Growth in Container Trade at Port of Tauranga	67
4.5	Port of Tauranga Ltd Share Values	77
4.6	Financial Indicators 1996-2000	78
4.7	Port of Tauranga Ltd Asset Valuation	79
4.8	Instruments of Industry Policy	84
4.9	New Zealand Container Growth	86
4.10	Container Volumes for Ports of Auckland, Lyttleton Port Company and Port of Tauranga 1996-2000	86
4.11	Port of Tauranga Economic Impact Comparisons for 1993 and 1998	100