

ISPA]

On: 21 September 2013, At: 08:09

Publisher: Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954

Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



## Public Management Review

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/rpxm20>

### The Best Of Two Worlds

Patricia Jardim Palma <sup>a</sup> , Miguel Pina e Cunha <sup>b</sup> & Miguel Pereira Lopes <sup>c</sup>

<sup>a</sup> Organizational Psychology, ISPA, Lisbon, Portugal

<sup>b</sup> Faculdade de Economia, Universidade Nova de Lisboa, Lisbon, Portugal

<sup>c</sup> Faculdade de Economia, Universidade Nova de Lisboa, Lisbon, Portugal

Published online: 15 Sep 2010.

To cite this article: Patricia Jardim Palma , Miguel Pina e Cunha & Miguel Pereira Lopes (2010) The Best Of Two Worlds, Public Management Review, 12:5, 725-746, DOI: [10.1080/14719037.2010.490689](https://doi.org/10.1080/14719037.2010.490689)

To link to this article: <http://dx.doi.org/10.1080/14719037.2010.490689>

PLEASE SCROLL DOWN FOR ARTICLE

Taylor & Francis makes every effort to ensure the accuracy of all the information (the "Content") contained in the publications on our platform. However, Taylor & Francis, our agents, and our licensors make no representations or warranties whatsoever as to the accuracy, completeness, or suitability for any purpose of the Content. Any opinions and views expressed in this publication are the opinions and views of the authors, and are not the views of or endorsed by Taylor & Francis. The accuracy of the Content should not be relied upon and should be independently verified with primary sources of information. Taylor and Francis shall not be liable for any losses, actions, claims, proceedings, demands, costs, expenses, damages, and other liabilities whatsoever or howsoever caused arising directly or indirectly in connection with, in relation to or arising out of the use of the Content.

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-

licensing, systematic supply, or distribution in any form to anyone is expressly forbidden. Terms & Conditions of access and use can be found at <http://www.tandfonline.com/page/terms-and-conditions>

## Abstract

Policies have been introduced in the public sector to increase efficiency. Following a privatization, there is a split between operational and strategic control. In this study, we explored how a public organization restores its identity after losing its operational structure. Based on a case study of a seaport, we found that when the self-defining properties were lost, the organizational identity dissolved into a managerial public identity. The organizational meaning that provided security and guided behavior was lost and the new identity was unable to serve as a provider of meaning. Implications for new public management policy and practice are discussed.

## Key words

Corporate identity, new public management, organizational identity, ports, public organizations

# THE BEST OF TWO WORLDS

## How privatization affects the identity of a public organization

Patricia Jardim Palma,  
Miguel Pina e Cunha and  
Miguel Pereira Lopes

### Patricia Jardim Palma

Organizational Psychology  
ISPA  
Lisbon  
Portugal  
E-mail: ppalma@ispa.pt

### Miguel Pina e Cunha

Faculdade de Economia  
Universidade Nova de Lisboa  
Lisbon  
Portugal  
E-mail: mpc@fe.unl.pt

### Miguel Pereira Lopes

Faculdade de Economia  
Universidade Nova de Lisboa  
Lisbon  
Portugal  
E-mail: mlopes@fe.unl.pt



Since the 1980s a new paradigm has spread throughout the public sector, producing profound changes for the management of public services all over the world (Dixon *et al.* 1998; Johnston and Kouzmin 1998). Based on the 'neo-liberalism' and 'market orientation' ideologies, the new public management (NPM) movement emerged (Howlett 2004; McNulty and Ferlie 2004) to improve the efficiency and effectiveness of public administration, by decreasing the size and scope of government, and empowering the market and private enterprises (Hajnal 2005).

Under the influence of NPM, major reforms have been implemented in public organizations, including deregulation, decentralization, privatization, corporatization, outsourcing, replacement of input control by output control, management by results, and the introduction of private sector management techniques (Hood 1995; Dixon *et al.* 1998).

Corporatization and privatization are at the heart of the NPM and aim to create government-owned corporations that are not under direct control of the government, and then transfer ownership of these corporations from the public to the private sector (e.g. Boston 1992, 1998). As the externalization of public services is taking place, a split between operational and strategic control has been reinforced (e.g. Llewellyn and Tappin 2003). Public organizations are increasingly being confined to regulatory activity, while operations are left to external companies. The previous organizational mission is often radically transformed, with a more business-oriented mission being introduced (Tsoukas and Papoulias 2005), producing a significant impact on the *modus operandi* and employee profile of public organizations.

When these organizations are restructured, the organizational identity starts to change (Albert and Whetten 1985; Simpson and Hibbert 2008). This raises new challenges, as the organizational identity is critical, providing meaning and security to employees (Dutton and Dukerich 1991; Gioia and Thomas 1996).

Some research has already been undertaken on the impact of some NPM reforms on organizational identity (e.g. Skålén 2004; Berg 2006; Rondeaux 2006), showing that these new public policies have provoked the emergence of different identities. However, these studies have focused on public organizations where the NPM reforms did not affect the whole operational structure, that is, the self-defining properties of the organization. Because self-defining properties represent what is unique and distinctive, they are used to provide meaning and security among organizational members. When these central and distinctive properties that define the organizational identity are lost, employees strive to restore an identity. A single and shared identity is important, otherwise cooperation among employees and the sense of working for the same organizational goals vanish (Rao *et al.* 2000).

In this study we explore how a public organization restores its identity after losing its self-defining properties. The research setting is a public organization of the port industry. In order to become more efficient, port authorities have been under pressure in the last decades to initiate a concession (a form of privatization) program agenda, by transferring all the operations in the seaports to the private sector and adopting a

landlord and regulatory role (World Bank 2001; Horst 2002). Under a landlord model, the role of the port authorities is limited to the provision and maintenance of basic infrastructures (e.g. berths, roads) and essential services (e.g. security). All the other services related with the operation activity (e.g. cargo handling, tug services) are the responsibility of the new concessionaires of port operations (González and Trujillo 2005).

Contributions of this study to the literature are twofold. First, we advance the lines of research on the social impact that the NPM reforms have on the public sector, by showing the effects of corporatization and privatization on the identity of a public organization. Despite the ongoing debate on NPM policies, their impact still remains uncertain (e.g. Boston 2001). Moreover, as argued by several scholars (Vickers and Kouzmin 2001; Cunningham *et al.* 2006), in-depth qualitative studies that advance knowledge on the social impact of NPM policies are rare, and thus a priority. Second, we discuss how organizations restore their identity after losing their essence, that is, their self-defining properties. When their self-defining properties are lost, the organizational identity, that is, the system of meaning that was previously acquired and that guided behavior, fades away (e.g. Dutton and Dukerich 1991; Gioia and Thomas 1996). When this occurs, identity should be recovered, to guarantee the well-functioning and well-being of employees.

The article is organized as follows: we begin by discussing the social impacts of NPM reforms, emphasizing their effects on identity. Then we present our case study and the method used to build theory. We continue by exploring and explaining the effects that the main reforms produced on the identity of the seaport and conclude with the implications of our case study to the policy and practice of NPM.

## **SOCIAL IMPACT OF NEW PUBLIC MANAGEMENT REFORMS**

Despite the intense debate on the effects of NPM policies, successes and failures on the public sector are still uncertain (e.g. Boston 2001). Some authors agree that NPM techniques have contributed to an increase in public management efficiency and a growing client-citizen orientation (e.g. Rieder and Lehman 2002). Others, however, defend that under the label of NPM, neo-Tayloristic working practices and processes have been introduced to intensify work and disempower workers (e.g. Davies and Thomas 2002; Cunningham *et al.* 2006). There is a gap between rhetoric and action, that is, significant discrepancies exist between NPM principles and the structural reforms being implemented around the world.

This gap is even more visible when looking at the social implications produced in public organizations in the name of efficiency, decentralization, and downsizing. Several studies have highlighted the negative consequences that the implementation of such market-based practices has on the well-being of organizational members. For instance, research conducted by Korunka *et al.* (2003) showed that the introduction of a quality

orientation in a municipal service produced an increase in job strain and a decrease in job satisfaction, especially among the less qualified employees that were responsible for customer interaction. In a research study analysing a Dutch case of professionals implementing a new work disability decree, Tummers *et al.* (2009) evidenced how NPM practices produced policy alienation. As a result of perceiving a dysfunctional focus on efficiency and results, employees felt estranged from the policy programs they were implementing.

These failures of NPM reforms can be due to the universal logic associated with the implementation process. There are significant differences, according to the national government orientation or the type of administrative regime, that limit the extent of convergence when implementing structural market-based practices in the public sector (Guyomarch 1999). As defended by Olsen (1996), public reform models need to be understood in the context of national styles of governance and in the context of specific institutional identities, histories and dynamics. Even sharing different values and priorities, public employees are expected to adopt managerial values and to align themselves with market-based orientation. Thus the introduction of NPM techniques has profound implications for the identity of public organizations (Halford and Leonard 1999).

## THE IMPACT OF NPM REFORMS ON IDENTITY

Identity has increasingly been considered a key organizational issue, affecting the way people feel, behave, and give meaning to events (e.g. Dutton and Dukerich 1991; Rao *et al.* 2000). As such, the organizational identity is critical, providing meaning and security to organizational members. Several studies have shown the influence of organizational identity over in-role behaviors (e.g. Mael and Ashforth 1992) and organizational cohesion and cooperation (e.g. Dutton *et al.* 1994) of employees.

Different levels of identity co-exist in the organizational setting: at group, organizational, and corporate levels (Albert and Whetten 1985). At the group level, identity includes all the attributes that individuals share with the other members of the group (Tajfel 1982). Organizational level identity embraces those central and distinctive characteristics that are common to the members of an organization, and corporate level identity is defined at the level of a group of organizational units (i.e. in terms of the common properties of a corporation). In the public sector, organizational identity refers to the unique characteristics of each public organization and public (sector) identity to all the properties common across the range of public organizations (strong hierarchy, rule-orientation, high dependency on governmental policies) (e.g. Brunsson and Sahlin-Andersson 2000). Different levels of identity may also co-exist in the public sector.

In the private sector, previous research has already highlighted the benefits of reinforcing a corporate identity, as promoting cohesiveness and cooperation (Zuckerman 2000). However, researchers that have already analyzed the impact of NPM

policies on identity, have evidenced how difficult it is to reinforce a public identity. Both Berg (2006) and Rondeaux (2006) revealed that when NPM reforms were implemented, different identities were formed, combining some properties of the traditional public administration with flexibility and user focus related to managerialism. Similarly, Skálén (2004) concluded that NPM contributes to the creation of heterogeneous and conflicting organizational identities rather than the uniform and stable business identity. When more than a single organizational identity exists, different meanings and organizational missions co-exist in the organization. An organization working for one major purpose is replaced by one with simultaneous and different missions and goals.

In summary, research to date has begun to study the impact of NPM reforms on organizational identity (e.g. Skálén 2004; Berg 2006; Rondeaux 2006). However, these studies have focused on public organizations where the organizational arrangements remained very nearly the same, that is, where the self-defining properties of the public organizations changed little or not at all. What happens when the most central and distinctive properties of an organization vanish? Once the organizational identity that ensures meaning and guidance to employees weakens, does a new public identity emerge? The purpose of our study is to explore how a public organization restores its identity after losing its self-defining properties.

## METHOD

We conducted a case study research within a public organization, the Port of Lisbon Administration (PLA). In-depth historical case studies are considered a useful technique to develop exploratory research (Yin 1984). Moreover, the PLA has passed through a series of major organizational transformations throughout its history (Lopes *et al.* 2007), which facilitates the analysis of identity changes over time. We used grounded theory to generate novel and accurate insights about how identity is restored after the loss of self-defining properties, a phenomenon that has not yet been explored in depth. As data were being collected, they were analyzed and re-analyzed to make the constructs and relationships emerge (Eisenhardt 1989). For the case interpretation we constructed tables to more clearly systematize the information, and then organized the data longitudinally to gain a better picture of the major changes in the self-defining properties of the PLA and their impact on identity.

## Data sources

Data collection was based fundamentally on archival materials, which is considered a very important source of evidence in case study research and allows for longitudinal analysis and record linkage (Locke 2001). Because the seaport sector has a very long

history and has undergone considerable transformations throughout its life (González and Trujillo 2005), the port's retrospective data are one of the best types of data for revealing its temporal patterns.

Information regarding PLA life events was collected in reports (1907–2005), relevant laws (e.g. *the Diário da República*),<sup>1</sup> newspaper articles from inside (e.g. *Portus*) and outside the organization (e.g. articles from *Port Technology International* and *Port Institute of Maritime Transports*), industry reports (e.g. *European Sea Ports Organization*), magazines and newspaper articles (e.g. *Jornal de Negócios*),<sup>2</sup> and information from other ports (e.g. *British Ports Association*). We also relied on several other reports, such as *100 Years of Lisbon Port*, *Port of Lisbon Administration* and the *Port of Lisbon Handbook*.

## Analysis

Framed in a time-series analysis (Yin 1984), we traced the history of the PLA, in order to visualize both the sequence of events and contingent relationships. This procedure was carried out by three separate researchers, working individually. After completing the task, the case history was compared in order to guarantee construct validity (Miles and Huberman 1994).

The analysis revealed the major changes that the organization has undergone. Similarities and differences before and after those changes were compared. Figure 1 illustrates the analytical process (Strauss and Corbin 1998).

With the open coding process, five key moments emerged – 1907, 1934, 1948, 1987, and 1998 – signaling five transformations of the PLA, corresponding to the enactment of five laws by the Portuguese government. From axial coding, associations between those major PLA transformations and the identity of the PLA were analyzed. Main institutional pressures affecting the organization's identity were also recognized. Similarities and differences were compared in order to define the identity following each of the key moments identified. We relied on 'what are the main properties of the PLA?', 'what adjectives would you use to describe the PLA?', or 'how do you see the PLA?' to identify the identity of the PLA, as suggested by Gioia and Thomas (1996) and Bartel (2001). From selective coding, three strategic events of an evolutionary nature emerged, affecting the institutional pressures and the identity of the PLA. Those three strategic events reflect significant transformations of institutional pressures and the identity of the PLA. These were: (1) the constitution of the Port of Lisbon as an autonomous organization, in 1907; (2) the creation of the Port Director (PD) position, in 1934; and (3) the first concession to an external company, in 1985. To further ensure the validity of our study (Miles and Huberman 1994), data organization was presented to a managing director of the organization, who checked and confirmed the validity of the sequence of the events and the consistency of our interpretations. In the next sections, we describe how theories were developed and grounded in the data.



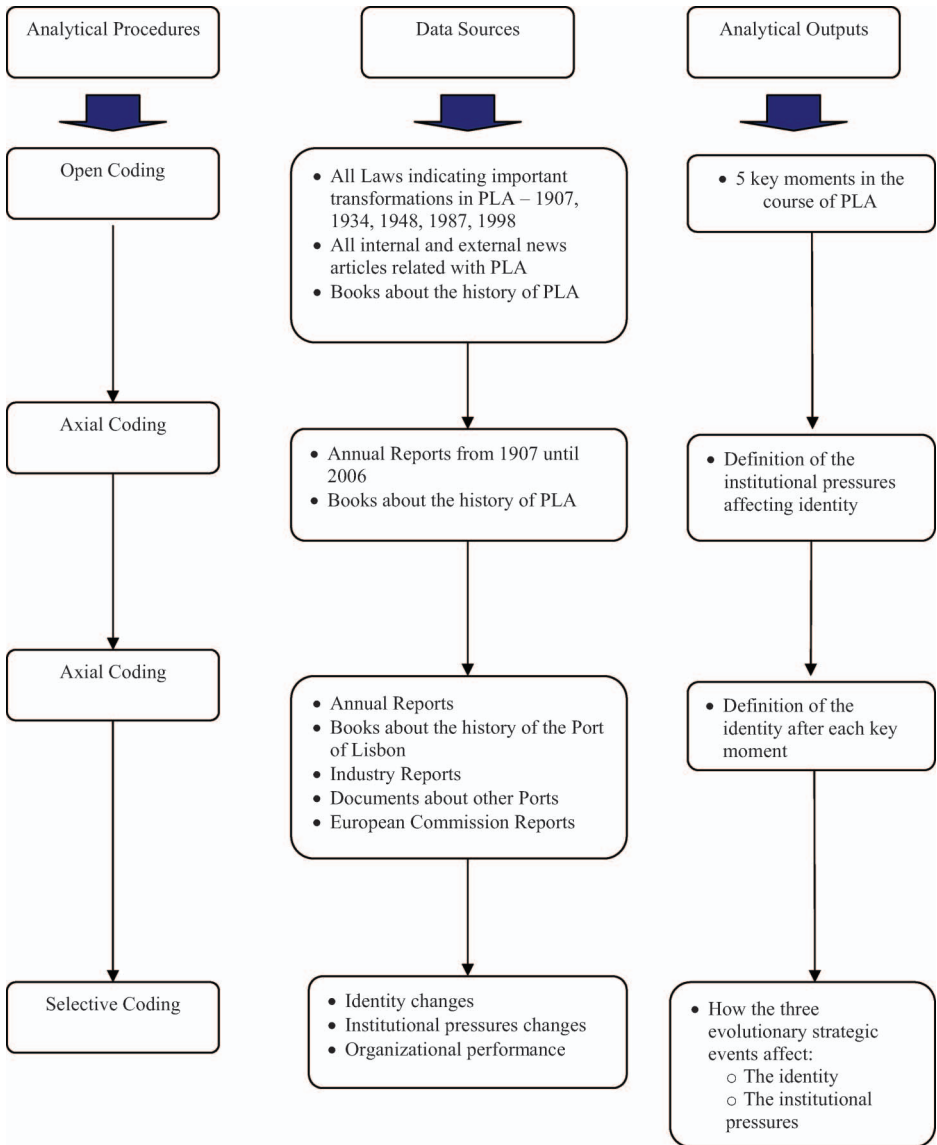


Figure 1: Strategy used to develop the theoretical framing

## RESULTS

In this section we describe the changes in the PLA identity over time that resulted from the institutional pressures affecting this organization. Information regarding the

institutional pressures aggregates all of the milestone events that affected the *modus operandi* of the PLA, such as the government initiatives, maritime traffic, and available technology (Table 1). We studied the institutional pressures because they afford a better understanding of the transformations that public organizations have undergone (e.g. Carroll *et al.* 1988), thus facilitating a more comprehensive interpretation of identity dynamics.

Identity analysis was based on the discourses held by the members of the Port of Lisbon, which is considered by Moingeon and Ramanantsoa (1997) as one of the best sources for studying an organization's identity. Since an identity differentiation based on hierarchy exists in organizations (Corley 2004), discourses mirror the identity shared among the board of the PLA. As suggested by several authors (e.g. Hatch and Schultz 1997; Bouchikhi and Kimberly 2003), organizational symbols can also be used to study identity dynamics: name of the organization; mission; structure; and strategy. Table 2 summarizes all this information.

What emerged from our data were insights about how the PLA restored its identity following the occurrence of the three evolutionary strategic events that have seriously affected its *modus operandi*.

### **First evolutionary strategic event: The Port of Lisbon becomes a maritime organization**

The Port of Lisbon was constituted as an autonomous organization in 1907. An administrative council was created, headed by the president, whose responsibilities were: (1) to supervise the port's activities; (2) to administer the income and control the expenses of the port (docks, quays, and terminals); and (3) to develop the plans for the port's improvement (Law of 18 February of 1907). The Port of Lisbon was perceived as a distinctive 'organization', and organizational members cognitively defined themselves as members of the organization 'Port of Lisbon' (e.g. Santos and Eisenhardt 2003): 'before [the port being constituted as an autonomous organization] we felt that a sense of unity was missing' (Annual Report 1909).

The organizational mission was to operate the port, and about two-thirds of the employees worked solely in the operational structure, showing the centrality of the operation activity (1907–33 Annual Reports). As suggested by Albert and Whetten (1985), when the organizational mission is clear, an organizational identity is developed, representing the central, distinctive, and enduring properties of the organization. The Port of Lisbon developed its organizational identity – a maritime one – which was connected with technical exploitation of the port itself: 'The Port of Lisbon attends to the most conspicuous needs of the port itself, in order to promote its quick development' (Annual Report 1911).

The operational structure, that is, docks, quays, and terminals, were the essence, the self-defining properties, of the Port of Lisbon. At that time the Port of Lisbon was one

Table 1: Institutional pressures the PLA has experienced in its lifetime

	1907–33	1934–84	1985–2005
<i>External conditions (maritime traffic)</i>	<ul style="list-style-type: none"> <li>Intense maritime traffic (among the highest in the world)</li> <li>During the 1920s and 1930s it was the 2nd most intensive traffic port in Europe (seaborne goods in million tons)</li> </ul>	<ul style="list-style-type: none"> <li>Maritime traffic increased during World War II (seaborne goods in millions of tons)</li> <li>Maritime traffic decreased from 1950s until 1980s (seaborne goods in millions of tons)</li> <li>Role of the other European ports in the maritime traffic increased since the 1950s</li> <li>Other Portuguese ports (e.g. Port of Sines) have gained importance in the maritime traffic since the 1980s</li> </ul>	<p>1986</p> <ul style="list-style-type: none"> <li>Port of Sines exceeds Port of Lisbon (% external commerce)</li> <li>Maritime traffic increased a bit during the 1990s (seaborne goods in millions of tons)</li> <li>Number of cruises has increased</li> </ul> <p>2002</p> <ul style="list-style-type: none"> <li>The PLA was the leading port on the Atlantic in cruise ships</li> </ul>
<i>Institutional pressures (Portuguese government)</i>	<p>Law of 1907</p> <ul style="list-style-type: none"> <li>Port of Lisbon was constituted as an autonomous organization (Port Authority)</li> </ul>	<p>Law of 1934 (no. 24:208)</p> <ul style="list-style-type: none"> <li>Port of Lisbon was still responsible for the operation of all the port structure</li> </ul>	<p>Law of 1987 (no. 309/87)</p> <ul style="list-style-type: none"> <li>Port of Lisbon was transformed into a Public Institute, with administrative and finance autonomy</li> </ul> <p>Laws of 1988/ 1990 (nos 84/88 and 11/90)</p> <ul style="list-style-type: none"> <li>Transformation of public organizations into public enterprises</li> </ul>

(continued)

Table 1: (continued)

	1907–33	1934–84	1985–2005
<i>Institutional pressures (technology)</i>	<ul style="list-style-type: none"> <li>• Wood was replaced by steel and iron for ship construction</li> <li>• Ship dimensions increase</li> </ul>	<p><i>Law of 1982</i> (no. 330/82)</p> <ul style="list-style-type: none"> <li>• Transformation of public organizations into public enterprises</li> <li>• The use of ships as storage was abandoned</li> <li>• Great technological development</li> <li>• Containerization</li> <li>• Transhipment</li> </ul>	<p><i>Law of 1998</i> (no. 336/98)</p> <ul style="list-style-type: none"> <li>• Port of Lisbon was transformed into a <i>Sociedade Anonima</i> of exclusively public capitals, with more administrative and financial responsibilities</li> <li>• Great technological development</li> <li>• Containerization invades ports</li> <li>• Maritime traffic is based almost exclusively on transhipment</li> </ul>

Table 2: Identity symbols that characterized the PLA throughout its history

	1907–33	1934–84	1985–2005
<i>Name</i>	Port of Lisbon (PL)	Port of Lisbon General Administration (PLGA)	1987 Port of Lisbon Administration (PLA) 1998 Port of Lisbon Administration, SA (PLA, SA)
<i>Structural changes (board)</i>	1907 • An Administration Council (AC) was created, headed by the President	1934 • 4 organs comprise PLGA: AC, General-Administrator, Port Director (PD) and Consultative Council (CC) (consultative character only)	1987 • 3 organs comprise PLA: AC, CC, and Supervisory Commission (FC) (execution attendance of the port activities)
<i>Mission of the organization</i>	• 'To administrate the operation of the Port of Lisbon' (Annual Reports)	1948 • 4 organs comprise PLGA: AC, CC, Technical Commission (TC) (consultative character only), and Port General-Director (PGD) • 'To ensure the administration and the operation of the Port' (Annual Reports)	1987 • 'To administrate concessions and to give support to the concessionaries' 1998 'To administrate the Port, in order to ensure economic and developmental prosperity and environmental preservation' (Annual Reports)

(continued)

**Table 2: (continued)**

	1907–33	1934–84	1985–2005
<i>Structural changes (human resources)</i>	<ul style="list-style-type: none"> <li>• 1920 – 2,137 employees</li> <li>• 1933 – 1,288 employees (2/3 work in the operational structure)</li> </ul>	<ul style="list-style-type: none"> <li>• 1936 – 1,300 employees</li> <li>• 1948 – 2,316 employees</li> <li>• 1981 – 2,218 employees</li> </ul>	<ul style="list-style-type: none"> <li>• 1986 – 1,798 employees</li> <li>• 1995 – 631 employees</li> <li>• 2001 – 424 employees</li> <li>• 2005 – 296 employees (administrative functions only)</li> </ul>
<i>Organizational changes (infra-structures and technology)</i>	<ul style="list-style-type: none"> <li>• Port access and transports (e.g. railway) improvement</li> <li>• Number of stores increased</li> <li>• Nautical equipment acquisition (e.g. steam-crane)</li> </ul>	<ul style="list-style-type: none"> <li>• Plans for the Improvement of the Port were implemented (e.g. new docks and quays were constructed)</li> <li>• New nautical equipment was acquired (e.g. drags, towboats, floating-crane)</li> </ul>	<p>1985</p> <ul style="list-style-type: none"> <li>• 1st concession to an external organization (Liscont, SA)</li> <li>• Docks conversion</li> <li>• Urban spaces re-evaluation</li> </ul>
		<p>1970</p> <ul style="list-style-type: none"> <li>• 1st container implementation in the port</li> </ul>	

of the most important seaports in the world, benefiting from its unique geographical position (PLA 1987). The Port of Lisbon was indeed an influential port during World War I.

## **Second evolutionary strategic event: The Port of Lisbon is a maritime *and* an administrative organization**

After the implementation of a totalitarian political regime in Portugal in 1932, several policies were introduced to bring economic prosperity and security to the country. In 1934, the Port Director (PD) position in the Port of Lisbon was created. The supervision of the entire operational structure, which had been the responsibility of the general administrator (GA), was now part of the PD's position. The PD was in charge of finance (e.g. management of both income and expenses), logistics (e.g. definition of port improvement plans and decisions about equipment acquisitions) and human resources (e.g. decisions about recruiting and downsizing) of the port structure. The GA was responsible for the financial, logistics, and human resources management of the administrative structure.

A bifurcation of activities and responsibilities was implicit in this change: port administration was overseen by the GA, while port operation was conducted by the PD. Even the name of the organization was changed to Port of Lisbon General Administration (PLGA). The organizational mission was also reformulated – ‘to ensure the administration and operation of the port’ – mirroring this bifurcation of activities. This bifurcation was further reinforced in 1948, when the Port Director was upgraded to a Port General Director (PGD) position, with even greater power and responsibility.

The functioning of the docks, quays, and terminals remained the essence of the port: ‘Ports have a unique beauty, which comes from the stores, the terminals and the instruments that are necessary for the Port to perform its activity, which is unique’ (1934 Annual Report).

In addition to the operational activity, the administrative function was also gaining importance. The surplus in both the operational structure and the operational human resources witnessed in the 1970s and 1980s strengthened this notion: ‘quays and terminals are excessive . . . , reinforcing the idea that it is necessary to give unoccupied quays and terminals another purpose’ (1970 Annual Report).

Meanwhile, the external environment was growing more and more complex, due to: (1) the intense maritime traffic; (2) the greater importance that other ports were gaining (e.g. Port of Sines); and (3) technology improvements (e.g. containerization<sup>3</sup> and transshipment<sup>4</sup>) (e.g. PLA 1987). When both an environment and an organization become more complex, multiple identities tend to emerge (Albert and Whetten 1985; Hatch and Schultz 1997). On the top of a maritime identity, an administrative one emerged, and both co-existed in the board:

The operation of the port is an activity of remarkable importance ... for the wealth of the economy of the Nation.

(1937 Annual Report)

The power of those who administrate the Port should be greater ... to ensure the prosperity of the Port.

(1937 Annual Report)

While the maritime identity was rooted in the technical supervision of the seaport itself, administrative identity was linked with the supervision of the PLGA's services, in financial, strategic and human resources terms. Both the operational structure and the administration function were the self-defining properties of the PLGA.

### Third evolutionary strategic event: 'Who' is the Port of Lisbon?

Influenced by the NPM movement, new concepts were evolving throughout Europe: Seaports had to be efficient (PLA, SA 2003a; ESPO<sup>5</sup> 2004). Governments started to implement a series of corporatization and privatization policies in the public sector, including seaports (e.g. Haarmey and Yorke 1993; Simmons 1999). In 1985 the first terminal infra-structure of the PLGA was concessioned to an external company (Liscont, SA) (Caldeirinha 2002). Following the admission of Portugal to the European Union, in 1986, policies defending rationalization and efficiency became even more influential in the public sector (e.g. transports, telecommunications, and electricity). In 1987, the PLGA was transformed into a Public Institute, a government-owned company, with administrative and financial autonomy. The administrative activity (finance, logistics, and human resources) as well as the concessions were dependent on the general administrator, leading to the elimination of the PGD position. As expected from the literature (e.g. Llewellyn and Tappin 2003), a split between operational and strategic control took place following the implementation of concession policies in the PLGA. The operational structure was outsourced to external entities. Docks, quays, and terminals, once the self-defining properties of the Port of Lisbon, were no longer directly administrated by the PLGA. Operational personnel were licensed. The PLGA's name changed again, to Port of Lisbon Administration (PLA), and a more business-oriented mission was introduced (e.g. Tsoukas and Papoulias 2005): 'to administrate concessions and to give support to the concessionaires' (1987 Annual Report). The administration of all docks, quays, and terminals was not a responsibility of the PLA anymore. The central activity of the PLA was now a regulatory one: 'To Port of Lisbon Administration were confined the activities related with general planning, coordination and operational inspection' (1990 Annual Report).

After the adherence to the euro, in 1998, efficiency discourse becomes even stronger in the Portuguese public sector. In 1998, when the Port of Lisbon was transformed into



a public corporation<sup>6</sup> with public capital exclusively (PLA, SA), a market-based orientation was introduced. The PLA was now responsible for satisfying the customers' needs, including the concessionaires, ensuring the efficiency and the economic prosperity of the organization: 'Today, the Port of Lisbon can define itself as a modern logistical centre. It is also an important business centre that is totally oriented to customer service. . . . Our motto is "to provide a good service to customers"' (PLA, SA 2003b).

'Customer-service orientation' was the central functionality of the PLA. As NPM policies were spreading in Portugal, other public organizations were also being transformed into public institutes and public corporations, in order to stimulate internal modernization and to introduce a market-based logic. The analysis of annual reports of other Portuguese public organizations (e.g. the central bank, the subway) also revealed the centrality of the regulatory activity. 'Customer-service orientation' was specifically emphasized by General-Administrators of other Portuguese public organizations.

The central, distinctive, and enduring properties of the PLA, were now the same as those of the other Portuguese public organizations. The maritime identity vanished and the administrative identity was incorporated into a public managerial identity. That is, the organizational identity that represented the central and distinctive properties of the PLA disappeared. In its place, a new public identity came forth, embodying the attribute that was common to all the other public organizations: a customer-based logic. The PLA was then supposed to do the same as other public organizations: to provide a good service to customers.

Given Bouchikhi and Kimberly's (2003) typology of organizational change, a revolutionary change of the Port's identity had occurred. Operations, board, structure, and organizational mission were transformed at once. Changing identity represents transforming a whole system of previously acquired meaning (e.g. Dutton and Dukerich 1991; Gioia and Thomas 1996), and, when meaning is lost, ambiguity and uncertainty invade the organization (e.g. Rao *et al.* 2000; Balogun and Johnson 2004). Losing the whole system of meaning implies that informal rules, practices, and routines that once defined how the organization behaves and functions are taken away. In fact, the loss of the operations activity was a painful process:

PLA had a solid financial condition throughout all these years. Since 1988,<sup>7</sup> a weakness of its financial situation had been seen. The reasons why PLA's financial situation weakened were the loss of both the funds from operational activity and the port personnel.

(1990 Annual Report)

In 2006, the PLA was reorganized into three different business areas: (1) commerce (associated with the administration of concessions); (2) tourism (of recreational boating and nautical activities); and (3) real estate (of the riverside lots). In 2002, the PLA was the leading port on the Atlantic seaboard in terms of the number of cruise ships calling (PLA, SA 2003b).

The technical exploitation of the port itself, of all docks, quays, and terminals, was definitely lost. Tourism and the administration of concessions were now the central activities of PLA.

## DISCUSSION

We explored how a public organization restored its identity after losing its self-defining properties. To date, the literature (e.g. Skålén 2004; Berg 2006; Rondeaux 2006) has focused on the effects of the NPM policies on the organizational identity of public organizations only where the organizational arrangements remained very nearly the same. In contrast, we explored a case in which the self-defining properties of the organization were altogether lost.

The identity of the Port of Lisbon has undergone several changes over time, as depicted in Table 3.

When the Port of Lisbon was constituted as an autonomous organization, it emerged as the 'Port of Lisbon', a maritime organization, with a maritime identity. Docks, quays, and terminals were the defining properties of this organization. The maritime organizational identity was more salient, because these properties were perceived to be its central and distinctive features, when compared to other organizations (e.g. Dutton *et al.* 1994). Indeed, the Port of Lisbon was at that time one of the most important seaports in the world (PLA 1987) (Table 2).

After the organizational structure had become more complex, a bifurcation of activities emerged, reflecting a partition in the centrality and distinctiveness of the Port of Lisbon. The seaport itself (the operational structure) and the administrative function were perceived to be the self-defining characteristics of this organization at that time. This duality was reflected in the organization's mission: 'to ensure the administration and operation of the port'. The Port of Lisbon was responsible not only for the

**Table 3: Identity dynamics throughout the lifetime of the PLA**

	1907–33	1934–84	1985–2005
<i>Organizational self-defining properties</i>	<ul style="list-style-type: none"> <li>● The port itself</li> </ul>	<ul style="list-style-type: none"> <li>● The port itself</li> <li>● The administrative function</li> </ul>	<ul style="list-style-type: none"> <li>● The same as those of the other Portuguese public organizations</li> </ul>
<i>Most salient identity</i>	<ul style="list-style-type: none"> <li>● Maritime identity (organizational identity)</li> </ul>	<ul style="list-style-type: none"> <li>● Maritime identity</li> <li>● Administrative identity (organizational identities)</li> </ul>	<ul style="list-style-type: none"> <li>● Managerial identity (public identity)</li> </ul>
<i>'Who are we?'</i>	<ul style="list-style-type: none"> <li>● We are the Port of Lisbon, a maritime organization</li> </ul>	<ul style="list-style-type: none"> <li>● We are the Port of Lisbon, a maritime and an administrative organization</li> </ul>	<ul style="list-style-type: none"> <li>● 'Who' is the Port of Lisbon?</li> </ul>

technical supervision of the seaport itself, but also for all the administration activity. Two organizational identities co-existed: maritime and administrative. Sharing two different organizational identities at the same organization is not a desirable condition, as it compromises organizational performance and cohesion among employees (e.g. Mael and Ashforth 1992; Dutton *et al.* 1994). Such a case may help to explain the performance of the Port, which for the first time in its history needed banking credit (Table 2).

After being transformed into a public institute, the organization lost the operational structure. All the docks, quays, and terminals were concessioned to external parties and a more business-oriented mission was introduced: ‘to administrate concessions and give support to the concessionaires’. The maritime organizational identity of PLA faded away. When transformed into a public corporation, the idea of ‘providing a good service to the client’ was emphasized. Recognizing in this motto the self-defining attribute of many other Portuguese public organizations (e.g. transports, telecommunications, energy), we may say that a public managerial identity was reinforced in the Port of Lisbon. The same deregulation, corporatization, privatization, and business-orientation reforms were introduced both in the Port of Lisbon and in all the other public organizations. After being transformed into government-owned corporations, these public organizations lost their operational structure, keeping only strategic control over it. Public organizations were transformed into regulators, mirroring the same efficiency and client-citizen practices. The administrative organizational identity metamorphosed into the public managerial identity, which is common to public organizations.

However, as revealed in our study, the operational structure was indeed the essence of the Port, given all the painful resistance to its loss (revealed in the 1990s Annual Reports). All the docks, quays, and terminals that were concessioned were perceived as the most central and distinctive properties of the PLA. However, after being reorganized into three business areas (commerce, tourism, and real estate), those were long established as the major activities of the PLA, given all the success achieved (the PLA was the leading port on the Atlantic seaboard). Restructuring into these three business areas was used by the PLA as an attempt to restore its identity.

Because public identity is a more abstract and less distinctive category (Zuckerman 2000), the construction of an organizational identity, of a self-conception, is vital to the organization’s survival, as a way ‘to make sense of whatever happens’ (Weick 1995: 23). Organizational identity is usually clearer, because a broader-level identity (corporate or public identity) entails a more abstract and less distinctive categorization (individuals need to perceive similarities with a large group at a higher level of abstraction) (e.g. Zuckerman 2000). In addition to a public identity, an organizational identity is needed to ensure meaning and to promote cooperation among employees (e.g. Dutton and Dukerich 1991; Rao *et al.* 2000).

Our study has important implications for the analysis of the consequences of introducing NPM policies in public administration. Previous research has already

focused on identity, evidencing that the NPM movement contributed to the emergence of heterogeneous organizational identities, rather than a uniform and stable identity. However, we studied a public organization where the introduction of NPM policies has resulted in a loss of all its operational structure. As revealed in our case, privatization reforms took away the essence, the self-defining properties of the organization, which provided meaning and guidance to employees. As a consequence, the organizational identity dissolved into the public managerial identity.

Moreover, we offered an analysis of the consequences of reinforcing such a public managerial identity. Our case study showed that NPM reforms may be reinforcing a public managerial identity by removing the distinctiveness of each public organization, while increasing what is common across public organizations. This might be considered a positive change, promoting cohesiveness and cooperation (Zuckerman 2000) among all the public employees. However, as evidenced by our case study, the public managerial identity induced by the NPM movement was not able to serve as a meaning provider to the Port of Lisbon. The strategy of reorganizing the PLA into three different business areas (commerce, tourism, and real estate) may reveal an attempt to increase the unique meaning that the PLA has lost, and which distinguishes this organization from other public organizations.

We suggested that NPM reforms may be taking away what is most central and distinctive about public organizations, without providing meaning and stability to employees. Our study evidenced that the public identity does not ensure the centrality and distinctiveness of public organizations. As a consequence, strategies might be implemented to restore organizational identity, by creating unique and distinctive services. Our study revealed how a public organization restored its identity after being transformed into three new different business areas. New studies are needed to understand other strategies that organizations may use to restore their identity, especially those that maintain the meaning that used to define them for years. Given all the benefits in terms of cohesion and cooperation among national employees that a public identity might have, a new framework is necessary to explore how NPM reforms might help to reinforce a public identity common to other public institutions, while maintaining centrality and uniqueness.

Our study also has implications to the literature on identity. This literature has focused on the business context, accentuating that the reinforcement of the corporate identity within diversified organizations is potentially relevant to accomplish common corporate goals (e.g. Zuckerman 2000). Besides exploring the public context, our study exposed the negative side of reinforcing the corporate identity, showing that it may not be a good meaning provider.

Despite these contributions, the study has limitations. Although single-case studies are primarily generalizable to theory (Yin 1984; Miles and Huberman 1994), our conclusions were based on a single organization. The impact we found that NPM reforms have on both the organizational and the public managerial identity require subsequent research with more diverse samples, in order to contribute to more

successful NPM policies and practices in public organizations. Moreover, we have analyzed the identity of the board of the Port of Lisbon. Other studies should address the impact of corporatization and privatization policies on identity.

## CONCLUSION

We sought to understand how public organizations restore their identity despite losing their self-defining properties. Our study suggested that when the most central and distinct elements of a public organization are lost, a public identity emerges. We evidenced, however, that although representing the similarities among public organizations, the public identity is not able to provide stability and guide behavior.

NPM policies may sometimes challenge what is the most central and distinctive in an organization without providing meaning and security to employees. A public (sector) identity is not a substitute for organizational identity. This analysis calls attention to the further need to study how NPM policies can be introduced to strengthen public assets without compromising the singularity of each organization. More research may improve our understanding of how the best of two worlds can be combined to make the public sector more prosperous without ignoring the role of organizational history and identity.

## NOTES

- 1 Official publication for legal and juridical matters.
- 2 A business report.
- 3 Container carriers were faster to load/unload than conventional cargo carriers and their stays in ports were shorter (12 percent of its time compared to 50 percent of general cargo carrier time) (Frageda 2005).
- 4 Maritime traffic made by containers.
- 5 European Sea Port Organization.
- 6 Public corporation or Sociedade Anónima (SA) is a joint stock company, a Corporation, in which the capital is dependent on the emission of shares, which are purchased by investors.
- 7 After being transformed into a Public Institute.

## REFERENCES

- Albert, S. and Whetten, D. (1985) 'Organizational Identity' in L. L. Cummings and B. M. Staw (eds) *Research in Organizational Behavior*, vol. 7. Greenwich: JAI Press.
- Bartel, C. (2001) Social Comparison in Boundary-Spanning Work: Effects of Community Outreach on Members' Organizational Identity and Identification. *Administrative Science Quarterly*, 46: 3 pp379–413.
- Berg, A. (2006) Transforming Public Services – Transforming the Public Servant? *International Journal of Public Sector Management*, 19: 6 pp556–68.
- Balogun, J. and Johnson, G. (2004) Organizational Restructuring and Middle Manager Sensemaking. *Academy of Management Journal*, 47: 4 pp523–49.
- Boston, J. (1992) New Zealand's Privatization Programme: Objectives, Principles, Problems, and Outcomes. *Annals of Public and Cooperative Economics*, 63: 4 pp573–600.

- (1998) Public Sector Management, Electoral Reform and the Future of the Contract State in New Zealand. *Australian Journal of Public Administration*, 57: 4 pp32–44.
- (2001) The Challenge of Evaluating Systemic Change: The Case of Public Management Reform. *International Public Management Journal*, 3: 1 pp23–46.
- Bouchikhi, H. and Kimberly, J. (2003) Escaping the Identity Trap. *MIT Sloan Management Review*, Spring pp20–6.
- Brunsson, N. and Sahlin-Andersson, K. (2000) Constructing Organizations: The Example of Public Sector Reform. *Organization Studies*, 21: 4 pp721–45.
- Caldeirinha, V. (2002) *Port Terminals: Private and Public Uses*, Lisbon: Port and Maritime Transports Institute.
- Carroll, G. R., Goodstein, J. and Gyenes, A. (1988) Organizations and the State: Effects of the Institutional Environment on Agricultural Cooperatives in Hungary. *Administrative Science Quarterly*, 33 pp233–56.
- Corley, K. (2004) Defined by Our Strategy or Our Culture? Hierarchical Differences in Perceptions of Organizational Identity and Change. *Human Relations*, 57: 9 pp1145–77.
- Cunningham, I., James, P. and Dibben, P. (2006) Tensions in Local Government Employment Relationships: The Case of Long-Term Sickness Absence. *Public Management Review*, 8: 2 pp207–55.
- Davies, A. and Thomas, R. (2002) Gender and Gendering in Public Service Organisations. *Public Management Review*, 4: 4 pp461–84.
- Dixon, J., Kouzmin, A. and Korac-Kakabadse, N. (1998) Managerialism – Something Old, Something Borrowed, Little New: Economic Prescription versus Effective Organizational Change in Public Agencies. *International Journal of Public Sector Management*, 11: 2/3 pp164–87.
- Dutton, J. and Dukerich, J. (1991) Keeping an Eye on the Mirror: Image and Identity in Organizational Adaptation. *Academy of Management Journal*, 34: 3 pp517–54.
- Dutton, J., Dukerich, J. and Harquail, C. (1994) Organizational Images and Member Identification. *Administrative Science Quarterly*, 39: 2 pp239–63.
- Eisenhardt, K. (1989) Building Theories from Case Study Research. *Academy of Management Review*, 14: 4 pp532–50.
- European Sea Ports Organization (ESPO) (2004) *Seaport Policy: A Practical Guide for EU Policy Makers*, Brussels: European Community Commission.
- Fageda, X. (2005) Load Centers in the Mediterranean Port Range: Ports Hub and Ports Gateway. Working Article. University of Barcelona: Public Policies and Economic Regulation Research Unit.
- Gioia, D. and Thomas, J. (1996) Identity, Image and Issue Interpretation: Sensemaking during Strategic Change in Academia. *Administrative Science Quarterly*, 41: 3 pp370–407.
- González, M. M. and Trujillo, L. (2005) Reforms and Infrastructure Efficiency in Spain's Container Ports. World Bank Policy Research Working Article 3515, Departamento de Análisis Económico Aplicado, Universidad de Las Palmas de Gran Canaria.
- Guyomarch, A. (1999) Public Service, Public Management and the Modernization of French Public Administration. *Public Administration*, 77: 1 pp171–93.
- Haarmey, D. and Yorke, P. (1993) Port Privatization: An International Perspective. *Policy Study* no. 156 pp1–23.
- Hajnal, G. (2005) The Spirit of Management Reforms: Towards Building an Explanatory Model of NPM – a Comparative Case Study of Queensland and Hungarian Administrative Culture. *Public Management Review*, 7: 4 pp495–513.
- Halford, S. and Leonard, P. (1999) 'New Identities? Professionalism, Managerialism and the Construction of Self' in M. Exworthy and S. Halford (eds) *Professionals and the New Managerialism in the Public Sector*. Buckingham: Open University Press.
- Hatch, M. J. and Schultz, M. (1997) Relations between Organizational Culture, Identity and Image. *European Journal of Marketing*, 31: 5 pp340–55.
- Hood, C. (1995) Emerging Issues in Public Administration. *Public Administration*, 73: 1 pp165–83.

- Horst, F. N. (2002) Developing a Framework for Assessing a Seaport's Competitive Position. Working Article: TPTM6130 Transport & Logistics Economics. Institute of Transports and Logistics Studies, Faculty of Economics and Business, University of Sydney.
- Howlett, M. (2004) Administrative Styles and Regulatory Reform: Institutional Arrangements and Their Effects on Administrative Behavior. *International Public Management Review*, 5: 2 pp13–34.
- Johnston, J. and Kouzmin, A. (1998) Who Are the Rent Seekers? From the Ideological Attack on Public Officials to the 'Pork Barrel' *Par Excellence* – Privatization and Out-Sourcing as Oligarchic Corruption. *Administrative Theory and Praxis*, 20: 4 pp491–507.
- Korunka, C., Scharitzer, D., Carayon, P. and Saintfort, F. (2003) Employee Strain and Job Satisfaction Related to an Implementation of Quality in a Public Service Organization: A Longitudinal Study. *Work & Stress*, 17: 1 pp52–72.
- Kramer, R. (1991) Intergroup Relations and Organizational Dilemmas: The Role of Categorization Processes. *Research in Organizational Behavior*, 13 pp191–228.
- Llewellyn, S. and Tappin, E. (2003) Strategy in the Public Sector: Management in the Wilderness. *Journal of Management Studies*, 40: 4 pp955–82.
- Locke, K. (2001) *Grounded Theory in Management Research*, London: Sage.
- Lopes, M. P., Cunha, M. P. and Palma, P. J. (2007) Giving Out but Not Giving Up: The Port of Lisbon Authority (1907–2005). *International Public Management Review*, 8: 1 pp31–53.
- Mael, F. and Ashforth, B. (1992) Alumni and their Alma Mater: A Partial Test of the Reformulated Model of Organizational Identification. *Journal of Organizational Behaviour*, 13: pp103–23.
- McNulty, T. and Ferlie, E. (2004) Process Transformation: Limitations to Radical Organizational Change within Public Service Organizations. *Organization Studies*, 25: 8 pp1389–412.
- Miles, M. B. and Huberman, A. M. (1994) *Qualitative Data Analysis* (2nd edn), Thousand Oaks, CA: Sage.
- Moingeon, B. and Ramanantsoa, B. (1997) Understanding Corporate Identity: The French School of Thought. *European Journal of Marketing*, 31: 5/6 pp383–95.
- Olsen, J. (1996) 'Civil Service in Transition: Dilemmas and Lessons Learned' in J. Hesse and T. Toonen (eds) *The European Yearbook of Comparative Government and Public Administration*, Vol. III. Baden-Baden: Nomos.
- PLA (1987) *100 Years of Port of Lisbon*, Lisbon: Port of Lisbon Administration.
- PLA, SA (2003a) *Port of Lisbon Administration*, Lisbon: Port of Lisbon Administration, SA.
- (2003b) *Port of Lisbon Handbook*, Lisbon: Port of Lisbon Administration, SA.
- Rao, H., Davis, G. and Ward, A. (2000) Embeddedness, Social Identity and Mobility: Why Firms Leave the NASDAQ and Join the New York Stock Exchange. *Administrative Science Quarterly*, 45: 2 pp268–92.
- Rieder, S. and Lehman, L. (2002) Evaluation of New Public Management Reforms in Switzerland: Empirical Results and Reflections on Methodology. *International Public Management Review*, 3: 2 pp25–42.
- Rondeaux, G. (2006) Modernizing Public Administration: The Impact on Organisational Identities. *International Journal of Public Sector Management*, 19: 6 pp569–84.
- Santos, F. and Eisenhardt, K. M. (2003) Organizational Boundaries: Efficiency, Power, Competence and Identity Conceptions. Working Paper, Stanford University.
- Simmons, P. (1999) 'Some Privatization Considerations' in *Port Technology International* (10th edn). London: Hyder.
- Simpson, B. and Hibbert, P. (2008) Tradition and Identity Change in Public Sector Science Organizations. *International Journal of Public Administration*, 31: 9 pp1110–26.
- Skålén, P. (2004) New Public Management Reform and the Construction of Organizational Identities. *International Journal of Public Sector Management*, 17: 3 pp251–63.
- Strauss, A. and Corbin, J. (1998) *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory* (2nd edn), Thousand Oaks, CA: Sage.
- Tajfel, H. (1982) Social Psychology of Intergroup Relations. *Annual Review of Psychology*, 33 pp1–39.

- Tsoukas, H. and Papoulias, D. B. (2005) Managing Third-Order Change: The Case of the Public Power Corporation in Greece. *Long Range Planning*, 38: 1 pp79–96.
- Tummers, L., Bekkers, V. and Steijn, B. (2009) Policy Alienation of Public Professionals. *Public Management Review*, 11: 5 pp685–706.
- Vickers, M. and Kouzmin, A. (2001) ‘Resilience’ in Organizational Actors and Rearticulating ‘Voice’. *Public Management Review*, 3: 1 pp95–119.
- Weick, K. E. (1995) *Sensemaking in Organizations*, Thousand Oaks, CA: Sage.
- World Bank (2001) The Evolution of Ports in a Competitive World. World Bank Port Reform Tool. Available at [www.worldbank.org/transport](http://www.worldbank.org/transport)
- Yin, R. (1986) *Case Studies Research*, Beverly-Hills, CA: Sage.
- Zuckerman, E. W. (2000) Focusing the Corporate Product: Securities Analysts and De-Diversification. *Administrative Science Quarterly*, 45: 3 pp591–619.