THE EFFECTS OF PORT SECURITY COMPLIANCE ON THE COMPETITIVENESS OF EUROPEAN UNION MARITIME INDUSTRY FIRMS

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Abstract

Prior research has addressed European Union (EU) water transportation policy and its impact on firm strategy. We extend this research by attempting to measure the effect of port security regulation compliance implementation on the perceived competitiveness of maritime firms located in European Union ports. We ask the question: Can firm specific implementation of required port security compliance enhance or hinder a firm’s competitive advantage?

Using Resource-Based Strategic Theory was used as a framework for evaluating competitiveness. Resource Based Theory purports that assets and systems can give a firm a competitive advantage if they follow the “VRIN” criteria of Valuable, Rare, Inimitable, and Not easily substitutable. We ask via email and United States Postal Service survey instrument whether certain security assets, resources and systems are “VRIN” and whether these assets, resources and systems give competitive advantage to the firm. The type of resources/assets/systems include physical assets such as fencing; ongoing management assets such as communication systems, planning and structuring management assets such as security planning systems; human assets such as employee knowledge; technological assets such as software protection; intangible assets such as a safety culture and financial assets such as cost savings from security compliance. We administer the instrument to all firms operating in EU ports in 2011-2012. A list of firms is obtained from IHSfairplay Ports and Terminals Guide.

The results of the survey shows that most managers do not perceive a competitive advantage was gained in the way security assets/resources/management systems were implemented. However, a strong minority 34.12% of managers did perceive competitive advantage was gained from port security compliance where systems/assets/resources were not easily imitated or the “I.” Furthermore, managers perceive where they were located within the port as an important advantage to security and competitiveness.

Research question: Can firm specific implementation of required port security compliance enhance or hinder a firm’s competitive advantage?

Results

34.12% of respondents believe they have a competitive advantage from the way they complied with security regulations mix and physical assets

Conclusion

Regulation can be useful as a means of competitive advantage in its implementation by the firm. Resource based theory shows that the mix of security capabilities, competencies and resources provide competitive advantage to the maritime firms and ports

Interesting Observation from survey

Due to the different perceived security threats which the European union faces compared to the United States, basic physical security assets were more important to European Union firms.

Resource Based Theory

VRIN/VRIO

Valuable
Rare
Inimitable
Non substitutable
Mix of Organizational capabilities and competencies

Prior Research On Port Selection

Security
Location
Efficiency (time in port)
Berth facilities
Fees

Methodology

Survey of EU port authorities
Survey of firms located in EU port
List from Port and Terminal Guide (IHSfairplay)
Response rate 5.25% with 1877 requests
Who is missing ie bias?