



## Public perceptions of Frankfurt Airport's value - A survey approach

Verena Zimmermann<sup>a,\*</sup>, Ute Felscher-Suhr<sup>b</sup>, Joachim Vogt<sup>a</sup>

<sup>a</sup> Technische Universität Darmstadt, Alexanderstraße 10, 64283 Darmstadt, Germany

<sup>b</sup> Fraport AG, Frankfurt Airport Services Worldwide, 60547 Frankfurt am Main, Germany

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### ABSTRACT

The public perception of an organization's contribution to society is of importance not only for society but also for the organization itself, e.g., in terms of customer satisfaction or standing in society. This research uses a multi-dimensional Public Value (PV) approach according to Meynhardt to explore the public perceptions of the airport system Frankfurt. In a two-step approach PV components were first collected by using an expert interview and a literature review and then evaluated by means of an online questionnaire that was answered by N = 577 residents. The highest perceived values were achieved in the dimensions *economic value* and *task fulfilment*. However, the results revealed significant differences between the current and the desired state of all five PV dimensions that also included *ethics*, *social cohesion* and *quality of life*. The results are discussed in relation to other findings in the literature.

### 1. Introduction

Well-functioning air traffic with affordable transportation can be viewed as a public interest as it not only provides direct benefit for private and business travelers, but significantly contributes to a rapidly growing international economy (Button and Taylor, 2000). Apart from direct effects such as an increase in jobs, income, and taxes at and around the airport, there are further indirect and catalytic effects such as an increased number of people in the region with an income spending money on other businesses (Wiebusch, 2014). These impacts on local development have been studied intensively, e.g., by Brueckner (2003), Green (2007) or Percoco (2010). Underlying mechanisms and processes of the wider economic benefits resulting from transport can be divided into gains from trade, innovation and technology diffusion, simultaneous investment by several sectors, and gains from agglomerations (Lakshmanan, 2011). Due to economic growth within the sector, airports have extended their portfolio and developed into so-called “city ports” (van Wijk, 2011), serving as central connections between metropolitan regions that also provide opportunities for shopping, tourism, leisure and business activities. Nevertheless, airports can also put strain on the public, e.g., via aircraft noise, air pollution or land use (Wiebusch, 2014). Pressure to work cost efficiently with rising numbers of passengers has led many airports to extend their capacities. The often resulting resistance of the public is not to be underestimated as it can lead to delays or even aborting projects and extensions (van

Wijk, 2011; Wiebusch, 2014). Furthermore, the organization's image, its perception by society,<sup>1</sup> can be damaged and also negatively affect society's readiness to cooperate in the future. Protest can even take violent forms (Wiebusch, 2014). This shows that objective evaluation criteria such as the number of workplaces created, the number of daily flight movements or the increase in taxes may only partially influence the public perception of the organization. An appropriate measure to also quantify the subjective perceptions of organizations closely interacting with society is needed.

This article therefore presents an exploratory analysis of potential sources of value of the airport system Frankfurt as perceived by several stakeholders, e.g., airport operators and airport residents.

Frankfurt Airport was chosen as an exemplary case as it is the largest airport in Germany, one of the five largest airports in Europe (Allroggen et al., 2015) and it functions as a major hub for international air traffic. Every day, up to 250 destinations are served and around 1200 flight movements take place (Fraport, 2016a). Apart from its relevance for air traffic itself, it is of major economic importance for the surrounding region. The airport offers around 80,000 workplaces and contributes to indirect economic effects, especially in terms of suppliers and tourism (Fraport, 2015). Frankfurt Airport is located in the Rhine-Main area, a densely populated region, and thus highly interacts with the surrounding residents, organizations, and cities.

In recent decades, the airport has continuously grown. The last extension was the opening of a fourth runway in 2011. A third terminal

\* Corresponding author.

E-mail address: [zimmermann@psychologie.tu-darmstadt.de](mailto:zimmermann@psychologie.tu-darmstadt.de) (V. Zimmermann).

<sup>1</sup> According to Merriam-Webster's definition of “society”: a community, nation, or broad grouping of people having common traditions, institutions, and collective activities and interests (<https://www.merriam-webster.com/dictionary/society>).

is still in the planning stage. All extensions were accompanied to some degree by intensive public discourses and protests by residential groups, in which the airport's current and potential future business and mobility value were disputed against the backdrop of environmental impacts. As an incorporated company, the airport operator Fraport AG strives to maintain its competitive ability in the market and financial gains for its investors. At the same time, the majority of the stock belongs to the federal state of Hesse, which also commits the organization to fulfilling public needs and political goals. Given this double role, Fraport AG has acknowledged the importance of dialog with the public. Since then, institutions, e.g., a regional forum, and platforms have been installed to discuss the current and the desired state.

Not surprisingly, in light of the ongoing controversies related to Frankfurt Airport and construction projects in other industries, a study conducted by Meynhardt (2009a) in general found a gap between the organizational value attributed by managers of an organization and society. The first research question, therefore, addresses potential differences between different stakeholders: How do people with an internal perspective, such as employees, differ in their PV evaluation from people with an external perspective, such as residents and other representatives of society not directly associated with the airport?

The second research question addresses the gap between the current and the desired state: In what way does the current PV perceived by different stakeholder groups differ from the desired one?

That these research questions and the controversies related to airport expansion are not solely relevant for Frankfurt Airport alone can be seen, e.g., in the conflicts following land expropriation for the extension of Tokyo-Narita airport in 1971 (van Wijk, 2011), the quest for formulating and enacting aviation planning policies for different airports in Australia (Kivits and Charles, 2015) or the controversy over the expansion of Schiphol Airport in the Netherlands (van Eeten, 2001). In line with the discussion led by the institutions mentioned above, in this research the airport system Frankfurt serves as an exemplary case to explore the current and the desired values attributed to it by different stakeholder groups. For that purpose, the multi-dimensional PV concept proposed by Meynhardt (2009b) is used to first collect different stakeholders' perceptions before measuring their degree of fulfilment with a large sample of residents.

The contribution of this research is twofold: First, in contrast to many one-dimensional organizational measures, this research allows for a multi-dimensional assessment supplemented by an outside public view. Second, the results of this approach allow for a differentiated PV analysis. It thereby contributes to the body of literature that helps decision-makers to take perceptions of different stakeholders into account.

The next section describes and compares different concepts and methods for the measurement of organizational value and introduces the PV concept according to Meynhardt. Section 3 presents the method and results of the stepwise research before the results are discussed in light of other findings in section 4.

## 2. The development of the Public Value concept

### 2.1. The measurement of organizational value

In earlier times, one-dimensional measures focusing on the organization's interests such as financial profit or the position in the market were commonly used to quantify the value of an organization (Gomez and Meynhardt, 2014). Even though financial measures are still widely used, they are based on past data and insufficiently take into account intangible and intellectual values (Kaplan and Norton, 1996). Globalization, international competition and the change from the age of industry to the age of information called for the inclusion of further perspectives and immaterial values (Moeller, 2009). As a reaction, new concepts such as Customer Value (Kotler and Turner, 1979), Stakeholder Value (Freeman, 1984) or Corporate Social Responsibility (Carroll, 1991) arose. Remaining critics addressed, for example,

concerns with the negligence of profitability or the potential misuse of the concepts to sanitize the organization's image.

In contrast to the measures above, the Balanced Scorecard (BSC) introduced by Kaplan and Norton (2005) comprises measures on multiple dimensions and across several groups. The BSC is a management tool for implementing strategies in organizations, i.e., traditionally business strategies. However, the BSC method is increasingly used to manage important soft factors, e.g., health (Moeller et al., 2008) and safety (Vogt, 2010). The assumption is that several aspects such as the financial perspective, the customer perspective or the process perspective need to be balanced.

However, according to Moore (2003), the inclusion of non-financial values in the BSC is often used to serve managers in maximizing profit instead of social or ecological objectives. Still, public as well as non-public organizations need to extend their objectives beyond pure profitability as can for example be seen in a McKinsey (2006) study showing that 84% of executives acknowledged the need for non-profit objectives. Furthermore, the BSC dimensions are measured from the organization's point of view, thus "inside-out". This is not only true for the internally measured finance, process, and potential perspective but also for the internally defined success criteria measured with the societal subgroup of customers. The "inside-out" concept constitutes a problem in that managers seem to succumb to the illusion of consensus between their personal and the societal assessment of the organization. A study by Meynhardt (2009a), however, revealed differences in the assessments and also a discrepancy between the organizational value attributed by managers and societal assessments collected with the help of the so-called trust barometer in Germany and Switzerland (Gomez and Meynhardt, 2014). It measures how much people trust in the economy and in the management of organizations. Therefore, the study described here used a concept that complements existing approaches with an "outside-in" perspective (Meynhardt, 2013), the PV concept. Apart from the extension of the research perspective from inside-out to outside-in another difference between the BSC and the PV concept is that PV is attributed to an organization, while the BSC is an instrument created and used inside the organization to assess the status of certain organizational aspects and their discrepancies to strategic goals.

### 2.2. Public Value

PV describes the contribution of an organization to society and was first established as a term by the management scientist Moore (1995). According to his approach, managers in the public sector should aim to "create public (social) value" by taking into account three aspects arranged in a strategic triangle: Public Value, Legitimacy and Support and Operational Capabilities. The concept attracted interest within the New Public Management (NPM) discussions with positive as well as negative receptions (see, e.g., Rhodes and Wanna, 2007; Stoker, 2006; Talbot, 2011). Critics comprised a missing clear definition (O'Flynn, 2007) and therefore varying understanding of the concept, e.g., as a new paradigm following NPM (Stoker, 2006), a description of managers in the public service (Smith, 2004) or a performance measure (Cole and Parston, 2006). The varying understanding and ambiguous nature of PVs also led to questions concerning the measurement and safeguarding of PVs (De Bruijn and Dicke, 2006; Jørgensen and Bozeman, 2007). The following discussions, however, increased the popularity and application of PV concepts in different areas. Examples include the PV evaluation by the BBC (British Broadcasting Corporation, 2004) or an analysis of the role of PVs in contracting out decisions (Jørgensen and Bozeman, 2002). Even critics admitted "Public Value is up and running" (Rhodes and Wanna, 2007) and thus several PV concepts were further developed.

One of the more recent approaches is the PV concept as proposed by Meynhardt (2009b). In contrast to the previous PV concepts based on public management literature and primarily directed at the public sector, Meynhardt's PV concept is based on a general psychological

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