

Outline: Ground Handling Services

(1) **Responsible:** Jürgen Müller, Paul Kemmesiess, Maria Peidel, Philip Lehmann, Mirjana Djordjevic

(2) **Duration of the project:** Open.

(3) **Description of the project:** International benchmarking studies (ATRS; TRI) show that the productivity of German airports is comparably lower than of other European ones. Our interest within the GAP project is to analyse why the majority of German airports are vertically integrated while airports in other countries (mostly in USA) outsource more.

(4) **Goals and Research Questions:** How different actors in the ground handling services area reacted at the market opening resulting European Commission Directive 96/67/EG in 1996 (airports, airlines and independent providers) ?

- What effects had the spin-offs of ground handling services of German airports on the subsidiaries? We consider the following indicators: productivity boost, lowering of wages, and changes in labour and aircraft security as well as the qualification of employees.
- What difficulties will German airports meet in the future due to the competition between ground handling services agents? What constraints exist related to restructuring?
- To compare the results with data coming from other international airports.
- To analyse the influence the organisational structure of German airports has on the productivity.

(5) **Methods:** The theoretical analysis is based on the following scientific economical concepts: new institutional economics (transaction costs theory, principal – agent theory, make or buy, and networks theories) used to analyse the reasons of vertical integration in German airports as well as to identify possible solutions for improvement; new political economy concepts used to analyse the performance of different interest groups on the ground handling market; an analysis of the economical determinants in airports, e.g. returns to scale, sunk costs, etc.

(6) **Perspectives:** Interviewing different ground handling services agents heretofore qualitative questionnaires will be used in order to achieve more transparency and a higher degree of understanding of the ground handling industry. A further quantification is needed to achieve the overriding GAP goal of providing a benchmark study. Furthermore data pooling will be consolidated and interviews with independent ground handling services providers will take place, as well as evaluation workshops based on the 2007 results and an analysis of the international developments.