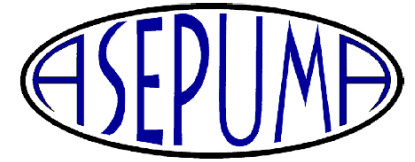


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Assessing the efficiency of water companies in the English and Welsh water industry: a metafrontier approach

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RESUMEN

The assessment of relative efficiency of water companies is essential for managers and authorities. This is evident in the UK water sector where there are companies with different services such as water and sewerage companies (WaSCs) and water only companies (WoCs). Therefore, it is a critical limitation to estimate a common production frontier for both types of companies as it might lead to biased efficiency estimates.

In this paper, a robust and reliable methodology, the metafrontier model, is applied to compare the efficiency of water companies providing different services. The results illustrate the superior performance of WaSCs compared to WoCs. It also confirms the presence of economies of scope in the UK water industry. The methodology and results of this study are of great interest for both regulators and water utilities managers to make informed decisions.