

Ownership and performance in water services revisited: Does private management really outperform public?

Marta SUÁREZ-VARELA *
María de los Ángeles GARCÍA-VALIÑAS **
Francisco GONZÁLEZ-GÓMEZ ***
Andrés J PICAZO-TADEO *,¹

* Universidad de Valencia, Spain

** Universidad de Oviedo, Spain

*** Universidad de Granada, Spain

¹ Corresponding author: andres.j.picazo@uv.es

Abstract. Since the late 1970s, water services have been privatised in some developed countries in an attempt to improve performance. However, after three decades of privatisations the superiority of private management is being questioned and several cities are returning to public provision. In this paper we revisit the relationship between ownership and performance in urban water services management using directional distance functions, meta-frontiers and *Data Envelopment Analysis* techniques. The performance in the provision of water delivery services in 70 Spanish municipalities is assessed at the level of the management of specific production factors; moreover, we discuss whether differences in efficiency between private and public decision units are due to either different capabilities of managers (managerial efficiency) or different technological restrictions (ownership efficiency). Our main finding is that private management is more efficient in the use of labour input, mainly because of the technological restrictions faced by public management units, such as legal and institutional restrictions. Conversely, private management appears to be less efficient at managing operational costs.

Keywords. Urban water services; ownership; performance; technological restrictions; Spain.

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