

---

## **Editorial**

---

### **Debaprosanna Nandy**

Symbiosis School of Banking Management,  
Symbiosis International University,  
Symbiosis Knowledge Village,  
Near Lupin Research Park, Village – Lavale,  
Tahasil Mulshi, Pune – 412 115, India  
E-mail: debaprosanna@gmail.com

---

Private and public institutions need to be assessed. Traditional performance indicators have often been criticised for being inadequate and not conducive to analysing efficiency. So the proper measurement of organisational performance and efficiency is an essential part of the reform for the general welfare of all groups as well as the nation. Conversely, failure to make efficiency analysis a standard practice would certainly lead to less than efficient allocation of scarce resources. By measuring efficiency, it is possible to evaluate the performance of an organisation by comparing it with the standard of international best practice.

This special issue aims to develop and promote an international discussion forum for academicians, professionals and practitioners working and interested in research and practice of productivity, efficiency and performance measurement and management for service sector organisations.

The paper ‘Sophisticating business performance management for banks: using data envelopment analysis on business process level’ by Anne Schaefer, Andreas Burger and Jürgen Moormann addresses that crucial bank inefficiencies are rooted in the bank’s production processes. From an operations perspective, the assessment of inefficiencies, especially in highly standardised processes, should lead to better directed action for improvement and hence efficiency enhancement. The paper presents a new application of DEA for the measurement of business process efficiency. In the paper, the efficiency of the securities settlement and clearing process of a large European bank is analysed. Two different input-output models are used, representing most important objectives of operations managers in process performance analysis. The results show a high variance in process performance among different perspectives of analysis, indicating production inefficiencies in the process execution.

‘Assessing impact of the technological perspective of AIS quality on banking performance matrix’ by Ahmed A. Mohammad points out that advances in IT have fuelled the move towards third wave accounting paradigm. Accounting of third wave has an innovative nature, systems, practices, education, and research. The paper has three purposes:

- 1 to advances the knowledge about third wave accounting by applying standards of most recent studies to improve our understanding about accounting information systems (AIS) quality

- 2 to promote awareness among the accountants and bankers community about the new technological perspective of banking AIS quality
- 3 to survey the 13 Jordanian commercial banks (JCB) about how sophisticated AIS infrastructure drives performance of these banks.

It was found from the respondents that the sophisticated infrastructure of AIS can be taken as a quality driver for banking performance. The study also explored and identified four correlations for AIS quality drivers with parameters of banking performance matrix.

The research paper 'Using data envelopment analysis to measure ports efficiency' by Chafik Abid and Lotfi Tadj addresses the solutions to measure and improve the efficiency of DP-World ports. Data envelopment analysis (DEA) has been used to serve as an effective tool for such purposes. On one hand, it helps in cutting down costs which are incurred by the ports in the form of investment in the inputs. On the other hand, it facilitates the increase in outputs. One of the major advantages of using this technique is that it takes into account multiple inputs and multiple outputs to calculate the efficiency scores without pre-defined weights. They have studied fifty ports which are part of the DP-World and found that 21 of them are relatively efficient. Also, they have been able with the optimal input-output mix to help the inefficient ports to attain higher efficiency.

Chiang Ku Fan in his research article 'Compare bancassurance sales with an insurer's own team in Taiwan' mentions that no research has yet focused on comparing the efficiency among different channels when selling insurance products. To fill this gap in the research, the study concentrates on bancassurance services provided through the creation of subsidiaries and compares the efficiency of this model with the traditional insurance selling channels in Taiwan. The analytical hierarchy process (AHP) and DEA approaches are employed to identify the weights of inputs and evaluate the efficiencies of the bancassurance and traditional channels separately.

The paper 'Managing airline productivity using data envelopment analysis' by Dauw-Song Zhu, Chih-Te Lin, Chieh-Ju Yang and Kuo-Chung Chang shows that the Taiwanese government deregulated the domestic airline market in 1987, domestic airlines have competed more fiercely through the years. Owing to the negative profit of existing domestic airlines, this study evaluated the operation performance of airlines based on grey relational analysis (GRA), combined with DEA in terms of cost-efficiency, service-effectiveness, and cost-effectiveness for each company. None of the airlines performed well from the perspective of cost-efficiency, service-effectiveness and cost-effectiveness.

Debaprosanna Nandy in his paper 'Efficiency study of Indian public sector banks – an application of data envelopment analysis and cluster analysis' describe the effect of financial sector reform measures on banking sector in Indian context since the early 1990s. Various norms and guidelines are strictly followed to improve the miserable condition of the Indian banking sector. An important objective of these measures is to increase the operational efficiency of the banking sector as a whole as well as of individual institutions. The efficiency study is mainly based on the financial performances of Indian public sector banks which were badly affected in the question of efficiency. The paper attempts to measure the efficiency of Indian public sector banks using a variety of efficiency measures computed by the non-parametric method of DEA. Moreover, efficacy of two most widely used models of DEA viz. BCC and CCR has been tested in the light of cluster analysis using the same dataset of Indian public sector banks.

The paper 'Efficiency for Indian public sector and private sector banks in India: assessment of impact of global financial crisis' by Dhananjay Bapat investigates the extent to which global financial crisis has affected the efficiency of Indian Banks. He has observed that that Indian banking is on a path of revival.

Manas Kumar Baidya and Debabrata Mitra in their paper 'An analysis of the technical efficiency of Indian public sector banks through DEA approach' attempt to measure and evaluate the technical efficiency of 26 Indian public sector banks from the cross-section data of the financial year 2009–2010 and to provide ranking of efficiency to these banks using two popular DEA models: CCR and Andersen and Petersen's super-efficiency model. The study has found that, the banks which are using more labour for providing their services are relatively more inefficient. In order to improve the efficiency.

The paper 'The effects of mergers and acquisitions on business performance in Nigerian banking industry: an empirical analysis' by Olawumi Dele Awolusi provides a holistic view of the mergers and acquisitions (M&As) implementation process, by reviewing the hard and soft factors that cause success and failure for M&As implementation, as well as, examine the impact of M&As on perceived business performance measures (PBPM) in Nigerian banking industry. The aim was achieved through an empirical study involving a survey on 19 Nigerian banks involved in mergers and/or acquisitions. The model was able to provide predictive implications on business performance, given the activities of key factors manifesting successful M&As, hence, these factors could be adopted by companies wishing to undertake M&As programme in Nigeria.

Hitesh Arora and Padmasai Arora in the paper 'Bank productivity measurement using Hicks-Moorsteen indices: evidence from Indian public sector banks' aim to examine productivity growth in the public sector banks (PSBs) in India in the post-liberalisation period from 1991–1992 to 2008–2009. Total factor productivity (TFP) in Indian PSBs is computed using Hicks-Moorsteen index numbers. The paper also compares and contrasts productivity growth results for Nationalised Banks (NBs) and State Bank of India (SBIG) Group making it perhaps, one of the first studies focusing exclusively on the productivity growth in PSBs in India. Results show that Indian PSBs have experienced positive productivity growth since liberalisation. Also, there exists significant difference in the productivity growth experienced by SBIG and NBs with the latter having experienced higher TFP growth. This has been traced to greater technological progress experienced in NBs than that experienced by SBIG instead of higher efficiency gains.

Sajeev Abraham George and Nilanjan Chattopadhyay present a paper on 'An investigative study of operational performance and service quality of Indian public sector banks'. Since economic liberalisation in the early 1990s, the public sector banks in India have been facing stiff competition from the private Indian and foreign banks that have captured a large share of Indian financial market. However, the country's banking system is still dominated by the public sector banks and there is an emerging need for a comprehensive framework for measuring their operational efficiency and service quality. This paper attempts to measure the operational efficiency and service quality of these banks. For operational performance benchmarking DEA methodology has been used and SERVQUAL model has been applied to measure service quality. Further, the operational performance and service quality of these banks have been compared with two leading private sector banks to derive academic and managerial insights. Linkages between

operational efficiency, service quality and profitability of these banks have also been investigated.

The paper 'Seaport performance comparison using data envelopment analysis: the case of Iberian container terminals' by João Carlos Quaresma Dias, Susana G. Azevedo, João M. Ferreira and Sérgio F. Palma assesses the performance of the main Iberian container terminals in terms of efficiency. In this research study, they have used multiple case studies to investigate the performance of ten Iberian Terminals of different sizes and with different characteristics to rank them in terms of efficiency applying the recursive DEA with Kohonen Self-Organisation Maps (KSOM). The results evidences that the container terminals do have different performance levels and they present different patterns of efficiency. Moreover, the findings allow identifying the better competitor in this industry. This research contributes for policy-makers, seaport authorities, dealers, and researchers to support their decision making and to help define future decision policies in seaport industry. The results are very opportune in actual debate about the seaport industry competitiveness and how the seaports could improve their efficiency.

Subroto Chowdhury in his research paper 'Technical efficiency of Indian commercial banks: an empirical analysis' addresses that Indian banking has witnessed reforms since 1991 thus providing it with operational flexibility and institutional transformation. The reforms have strengthened the fundamentals of the Indian banking sector. Still more the resilience of the Indian banking sector in withstanding financial crisis has proved its stability beyond doubt. Deregulation of the Indian banking sector has opened up new avenues of banking both in terms of outreach and services. While Indian banking industry is placed globally and has to compete with global standards, it is still struggling to achieve global standards. The best rated banks in India are not able to get position within the top hundred banks globally. Thus efficiency along with growth assumes vital tip in any analysis concerning bank. Efficiency of the banks in managing its inputs and outputs, is thus of prime importance in deciding the position of the bank. All this calls for a comprehensive analysis of the technical efficiency of the banks operating in India.

The paper 'Shareholder vs. stakeholder governance index and performance: evidence from the Tunisian quoted banks' by Wissem Bouaziz and Abdelfettah Bouri investigates the association between bank performance and governance index of the Tunisian quoted banks. On the one hand, they estimate two types of banking governance index, such as the shareholder governance index and the stakeholder governance index using the DEA method. The results show that the private banks present the best shareholder governance index, whereas the privatised banks hold the best stakeholder governance index. They have found clear evidence that the shareholder governance index is positively related to the shareholder performance and that the stakeholder governance index positively influences the stakeholder performance.

We received an overwhelming response for this special issue from different parts of the globe and have had to make some difficult choices. We hope the papers selected will be a source of useful results for 'Performance and efficiency management of service sector organisations' and provide a direction for future research in this area. We are grateful to all referees who have provided their constructive comments in order to improve the quality of the papers. We would like to thank the authors who have contributed their work in this special issue.