

Three way decomposition of the Efficiency of Andalusian Economy

Topic: Productivity and efficiency II

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Recent contributions to input-output analysis (ten Raa, 2006) propose a scheme for the efficiency evaluation of an industrial organization by the benchmarking of both, the firms and the industry as a whole as well. We extend this scheme to include the firms' supply and use micro-data for the computation of a measure of the efficiency of the whole economy. Additionally, we show how it can be decomposed in three components: firm efficiencies, industrial organizational efficiencies and allocative efficiency of the economy. The empirical work is carried out for the Andalusian Economy.