

## Investigation on firm efficiency: evidence from selected Asia-Pacific countries

### ABSTRACT

**Purpose**–The purpose of this paper is to examine the firm efficiency or technical efficiency (TE), pure technical efficiency (PTE) and scale efficiency (SE) in the selected developed and developing Asia-Pacific countries. **Design/methodology/approach**–The sample consists of a sum of 700 firms in selected developed and developing Asia-Pacific countries over the period from 2009 to 2015. The non-parametric data envelopment analysis under the production approach is used to investigate firm efficiency. **Findings**–On average, this paper discovers that the firms in selected Asia-Pacific countries are moderately efficient. Scale inefficiency (SIE) is found to be the dominant source of firms' technical inefficiency. The analysis of return to scale shows that the large firms tend to operate at decreasing return to scale level, while the small firms tend to operate at increasing return to scale level. **Practical implications**–The findings from this paper provide significant insights to the policy makers and firm managers in promoting the efficient firms of Asia-Pacific countries. **Originality/value**–The present paper conducts a critical analysis on return to scale in the firms sector of Asia-Pacific context, which is ignored by the past studies on firm efficiency since the analysis of return to scale is mostly emphasized on banking sector. The precise nature of SIE is important for a firm to be efficient in achieving the firm's primary goals of profit maximization and sustaining market competitiveness.

**Keyword:** Technical efficiency; Data envelopment analysis; Asia-pacific; Scale efficiency; Firm efficiency; Pure technical efficiency.