

A global service quality index to evaluate the performance and sustainability in water supply utilities

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Abstract: - Water supply systems are a structural part of public utilities and as such are vital to the general well-being, public health, safe drinking water use, economic activities and environment protection.

The principal objective of regulation is to protect the interests of users by fostering quality in the services provided by utilities and ensuring a fair balance in the charges levied, guaranteeing the essentiality, equity, indispensability, feasibility and cost-effectiveness principles. The use of performance indicators is widely recommended as a measure of the utility's effectiveness and efficiency. In Portugal, the regulation of service quality is conducted by ERSAR (Portuguese Authority for the Regulation of Water and Waste), which has decided to define its own set of performance indicators that is less comprehensive than those adopted by the IWA (International Water Association). Currently, the adopted system does not provide a quantitative and integrated evaluation leading to an overall ranking of utilities' performance and sustainability.

The aim of this paper is to contribute for the improvement of the Portuguese performance assessment system, through the development and application of a complementary methodology to define a *global index of service quality* (GISEQ) for a given water supplier in order to achieve accurate performance rates. This methodology allows a truly quantitative evaluation in which each performance indicator represents a criterion to be considered and judiciously weighted, based on the results of an on-line questionnaire proposed to a selected set of academic and professional experts. The GISEQ values are calculated as a weighted linear combination of the normalised scores of each performance indicator, which is one of the most common aggregation procedures available in the context of multicriteria evaluation. The criteria normalisation process essentially based on fuzzy sets defined for each indicator, considering the established ERSAR or legislation standards. An innovative approach to weights definition was also performed as well as a sensitivity analysis of GISEQ values to different weighting methods.

Key-Words: - Water supply systems; performance indicators; multicriteria analysis; weighting methods; service quality index (GISEQ).

1 Introduction

Being the water "market" a natural monopoly, regulation must, mainly, protect the interests of the user, based on a benchmarking strategy that promotes the quality of the water supply service and assuring the balance of the ruling tariffs.

The regulatory action must incorporate the utilities' economic and service quality assessment based on a benchmarking strategy, and its public divulging, guaranteeing the equity, indispensability, feasibility, sustainability and cost-effectiveness principles.

Economic regulation should be viewed as the most important form of regulating the behaviours permitted to operators since it is known that monopoly prices tend to be higher than those in competitive markets, and securing lower prices that,

at the same time, ensure the economic and financial sustainability of operators. Economic regulation also includes the evaluation of operators' investments as these directly affect the well-being of society. Users' interests are best served by an appropriate investment policy that is the key to ensuring long term continuity of the service and maintenance of service levels. Therefore, it must take into account the need to safeguard the economic viability and the legitimate interests of utilities by ensuring the proper remuneration of invested capital irrespective of its nature (public or private, municipal or multimunicipal), while also safeguarding the environment and contributing to the implementation of governmental policies.

Due to the complexity of service quality assessment, the use of performance indicators is essential as a

means to provide a measure of the utility's effectiveness and efficiency.

In Portugal, the regulation task is conducted by ERSAR (Portuguese Authority for the Regulation of Water and Waste), an independent public entity, which has defined a specific set of performance indicators that is less comprehensive than those adopted by the IWA (International Water Association). The ERSAR's performance assessment system [1], applicable to water supply services, is a tool comprised by twenty performance indicators, judiciously selected, which have been analysed in an extended way since 2005 [2].

The use of such performance assessment tools enables the comparison of results between similar utilities (*benchmarking*). However, its implementation entangles carefully set procedures such as data supply by the utilities, data validation, data processing and results interpretation by ERSAR for every utility (and the further interpretation for the whole universe of utilities) and the publication and divulging of all this information on a yearly basis, by the publication of a *Performance Assessment Annual Report* [3-6]. With this procedure, each operator knows the evolution over time of the different issues of its own management and the comparison with other similar utilities, with a view to settle the references which enable the setting up of new efficiency targets in a realistic way [7]. Currently, ERSAR's system only performs a qualitative assessment of the utility's performance – "unsatisfactory", "medium" or "good" – for each indicator, but not an integrated evaluation that allows establishing an overall ranking of utilities, which could stimulate a continuous improvement of performance, sustainability and quality of the water supply services.

This work aims to contribute to the improvement of the Portuguese assessment system, through the development of a complementary methodology that defines a *global index of service quality* (GISEQ)

for a given water supply utility, based on a new application of multicriteria analysis.

The GISEQ value is calculated as a combination of the normalised scores of each performance indicator, previously aggregated in three main groups: protection of user interests, sustainability of the utility and environmental sustainability.

In this proposed methodology, each one of the selected performance indicators represents a criterion to be considered and judiciously weighted. An innovative approach to weights definition was performed as well as a sensitivity analysis of different weighting methods on water supply utilities' ranking positions.

In order to combine indicators score which are expressed by distinct unities, a criteria normalisation was performed based on ERSAR and legislation standards.

2 Methods

The methodology used in this work for evaluating service quality of water supply utilities was based upon the development and application of a multicriteria analysis model that in order to obtain service quality indices, global and sectoral.

These indices are used to quantitatively evaluate the performance of each water supplier, enabling the possibility of establishing a general ranking order for different analytical scenarios defined as a function of year, indicator weighting method and universe of comparison.

2.1 The regulatory model for the Portuguese water supply sector

ERSAR's regulatory strategy goes through two major action plans: the structural regulation of the water sector and the regulation of the operators working in this sector (Fig. 1, [7]).

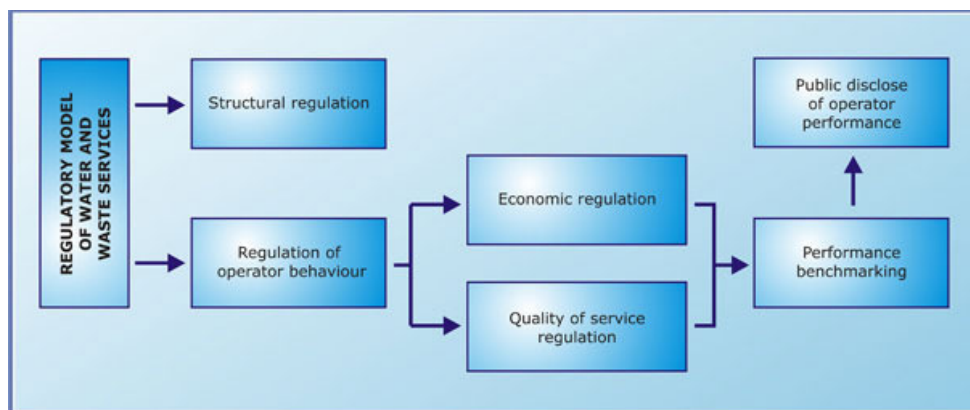


Fig. 1 The Portuguese regulatory model for the water supply sector

The structural regulation of the water sector aims for the proper level of horizontal aggregation of the operators by geographic units and service types (markets), without prejudice to the expectable and required accomplishment of scale economies, by creating better competitive conditions and allowing for a more effective regulation. The regulation of service quality is a method of behaviour regulation that is not dissociable of the economic regulation and its behaviours rules allowed to the operators, as far as the quality of service supplied to users is concerned.

The results thereof will be validated by the regulating body with the help of assessment tools and further compared with the results of similar operators based at different geographic areas. Those tools must always adopt a pedagogic and value-added logics, e.g., by benefiting the operator according to his performance, in comparison with the average performance of the whole group of operators.

For that purpose, the regulating body must obtain the information from the operators in the form of previously set performance indicators and, upon validation, carry out the benchmarking based on the operator's own historical record. This will facilitate the understanding of how the different issues of management evolve over time and the comparison with other similar operators, with a view to settle the references that enable the setting up of new efficiency targets in a realistic way [7].

Research work has been carried out in order to perform this new application of multicriteria analysis and evaluation methodologies, usually applied in Decision Support Systems (DSS) in Regional and Urban Planning processes [8, 9] and in Water Resources Management [10-12].

For this propose, a hierarchical structure was defined based precisely on the referred ERSAR's performance assessment system (Table 1), aiming to use the data sets published by ERSAR as the scores of the criteria (performance indicators) presented by each water supply utility. The twenty performance indicators of this assessment system were aggregated into three main groups:

- *protection of the user's interests*, encompasses six indicators, considering the service accessibility (AA01 and AA02) and the service quality (AA03 to AA06);
- *sustainability of the utility*, includes eleven indicators, to assess in what degree its technical and economic sustainability as well as its legitimate interests are protected, taking into account economic-financial (AA07 to AA10),

infrastructural (A11 to AA15), operational (AA16) and human resources (AA17) aspects;

- *environmental sustainability*, comprises three indicators, to evaluate how the environmental aspects associated with the utility's activities are being considered.

Table 1: The ERSAR's Performance Indicators System for water supply services

| |
|--|
| PROTECTION OF THE USER INTERESTS (I₁) |
| User service accessibility |
| AA 01 - Service coverage AA 02 - Average water charges |
| Quality of service supplied to users |
| AA 03 - Service interruptions AA 04 - Water tests performed AA 05 - Quality of supplied water AA 06 - Answers to written complaints |
| SUSTAINABILITY OF THE UTILITY (I₂) |
| Utility's economical and financial sustainability |
| AA 07 - Operating cost coverage ratio AA 08 - Unit running costs AA 09 - Solvency ratio AA 10 - Non-invoiced water |
| Utility's infrastructural sustainability |
| AA 11 - Fulfilment of the water intake licensing AA 12 - Treatment utilisation AA 13 - Transmission and distribution storage capacity AA 14 - Mains rehabilitation AA 15 - Service connection rehabilitation (*) |
| Utility's operational sustainability |
| AA 16 - Main failures |
| Utility's human resource sustainability |
| AA 17 - Employees |
| ENVIRONMENTAL SUSTAINABILITY (I₃) |
| AA 18 - Utilization efficiency of water resources AA 19 - Utilization efficiency of energy resources AA 20 - Final destination of sludge from the water treatment |

(*) – Not applicable to the kind of water supply systems analysed in this study.

To each one of the performance indicators in Table 1 corresponds a processing rule, a set of necessary data for indicator computation, the unit in which the results ought to be expressed and the corresponding algebraic combination [7].

The evaluation process begins with listing the data that are necessary to collect for applying the methodology and, consequently, the calculation of the indicators.

The following are examples of the type of data that are necessary: abstracted and distributed flow rate measurements; demographic and statistical data (number of households supplied); number of water quality analysis carried out yearly; number of water quality analysis that produced results in compliance with the applicable regulations; quantification of the percentage of sludge treated at the Water Treatment Plants (WTP). The collection of these base data is complemented by other necessary procedures, such as:

- To implement a registry system for written complaints presented by users, along with the corresponding responses from the utility;
- To promote the organisation of the internal accounting of the managing entity in order to facilitate the retrieval of the necessary data for applying the evaluation methodology;
- To quantify the size of the rehabilitated lines, power consumed in the supply system lift stations and related human resources.

An auto-evaluation of data reliability and precision should be conducted during the data collection stage. The analysis carried out on the data provided by the utility and validated by ERSAR allow to organise the global results by managing entity and compare the results of all managing entities per performance indicator, always taking into account the corresponding context factors.

The work presented herein only analyses the results obtained for a universe in which all utilities were compared considering all indicators, regardless of achieving a rating or not. This universe of comparison implies that a correction is made to the weights assigned when a given indicator (*n.a.*) is not applicable to an utility or when the utility has not provided data regarding a particular indicator (*w.r.*). Table 2 presents an example (for 2007) of the type of data that are published yearly in reports from ERSAR concerning the rating for each performance indicator in order to highlight the great diversity of the corresponding scales.

Table 2: Performance indicators ratings published in ERSAR's yearly report of 2007

| W.S. Operator | Performance Indicators (2007) | | | | | | | | | | | | | | | | | | |
|---------------|-------------------------------|------|------|-------|-------|------|------|------|-------|------|------|------|------|------|------|------|------|------|------|
| | AA01 | AA02 | AA03 | AA04 | AA05 | AA06 | AA07 | AA08 | AA09 | AA10 | AA11 | AA12 | AA13 | AA14 | AA16 | AA17 | AA18 | AA19 | AA20 |
| A | 96 | 0.41 | 0 | 100 | 99.99 | 100 | 1.73 | 0.24 | 0.45 | 3.5 | 0 | 60 | 0.4 | 0.6 | 1 | 2.4 | 2.2 | 0.4 | 100 |
| B | 33 | 0.39 | 0.08 | 100 | 98.11 | 100 | 1.02 | 0.52 | 0.12 | 17.6 | 85 | 29 | 1.3 | 0 | 61 | 20.8 | 14.4 | 0.5 | 100 |
| C | 100 | 0.45 | 0 | 99.58 | 99.96 | 96 | 2.25 | 0.21 | 0.25 | 3.3 | 100 | 60 | 1.8 | 0 | 2 | 2.4 | 0.8 | 0.3 | 100 |
| D | 58 | 0.51 | 0 | 99.85 | 99.42 | 100 | 1.53 | 0.46 | 0.26 | 12.4 | 0 | 62 | 1.7 | 0 | 8 | 8.1 | 9.3 | 0.5 | 100 |
| E | 74 | 0.53 | 0 | 99.71 | 99.63 | 75 | 1.26 | 0.4 | 0.14 | 19 | 1 | 60 | 1.2 | 0 | 0 | 6.5 | 4.9 | 0.5 | 100 |
| F | 100 | 0.31 | 0 | 100 | 99.96 | 100 | 1.94 | 0.16 | 0.19 | 1.4 | 0 | 48 | 0.7 | 0 | 4 | 1.5 | 1.2 | 0.4 | 100 |
| G | 25 | 0.53 | 0 | 100 | 99.15 | 76 | 3.16 | 0.45 | 0.1 | 8.3 | 0 | 46 | 2.3 | 0 | 6 | 11.5 | w.r. | 0.4 | 100 |
| H | 39 | 0.41 | 0 | 100 | 99.44 | 78 | 3 | 0.14 | 0.42 | w.r. | 98 | n.a. | 1 | 0 | 0 | 2.5 | w.r. | 0.5 | n.a. |
| I | 41 | 0.47 | 0 | 97.43 | 98.67 | 100 | 0.92 | 0.81 | 0.03 | 16.9 | 0 | 46 | 0.5 | 0.1 | 21 | 7.8 | 6.5 | 0.6 | 100 |
| J | 74 | 0.53 | 0.04 | 100 | 99.86 | 78 | 1.73 | 0.36 | 0.2 | 4.1 | 0 | 76 | 0.3 | 1.6 | 12 | n.a. | 1.5 | 0.5 | 100 |
| K | 100 | 0.54 | 0 | 100 | 100 | na | 1.61 | 0.34 | 0.16 | 2 | 0 | n.a. | 3.1 | 0.1 | 19 | 8.3 | 2 | 0.3 | n.a. |
| L | 46 | 0.53 | 0.05 | 100 | 99.49 | 84 | 1.75 | 0.38 | 0.1 | 4 | 0 | 37 | 2.2 | 2.2 | 13 | 10.2 | 3.8 | 0.4 | 100 |
| M | n.a. | 0.28 | 0 | 100 | 100 | na | 1.34 | 0.22 | 14.15 | 0.3 | 100 | n.a. | 1.2 | 0 | 6 | 1.3 | 0.3 | 0.4 | n.a. |
| N | 52 | 0.49 | 0 | 98.53 | 98.94 | 100 | 1.47 | 0.41 | -0.01 | 16.7 | 0 | 77 | 1.8 | 0.1 | 16 | 5.2 | 16.2 | 0.4 | 85 |
| O | n.a. | 0.39 | 0.01 | 100 | 99.91 | 100 | 2.33 | 0.17 | 1.71 | 5.7 | 100 | 78 | 0.6 | 1.2 | 20 | 1.6 | 5.5 | 0.3 | 113 |

2.2 Criteria normalisation and aggregation

Considering that each ERSAR's Performance Indicator may be assessed in a particular way, the resulting values of twenty different indicators usually cannot be directly combined. In order to overcome that problem, it was necessary to define a normalisation process to each of the indicators applied in GISEQ.

In the case of GISEQ, the suggested normalisation process is essentially based on fuzzy sets [13], i.e., sigmoidal (S-shaped), J-shaped [14, 15], linear and complex (user-defined when the relationship does not follow any of the previous functions), defined for each indicator based either on ERSAR or legislation standards.

The normalisation (or *fuzzification*) expresses a membership grade that ranges from 0.0 to 1.0,

indicating a continuous variation from non-membership (null or very bad indicator result) to complete membership (indicator result is better than the overall reference values). Table 3 shows fuzzy sets membership functions and indicators normalisation parameters implemented in GISEQ. After all indicators were individually normalised to values between zero and one, they could be aggregated according to a decision rule. The aggregation method proposed to GISEQ was based on a weighted linear combination, in which all criteria were combined through a weighted average. That method allows for a total trade-off among criteria. It means that a very poor attribute, translated as a low score obtained for one criterion, can be compensated by a number of good attributes, translated as higher scores obtained for some other.

Table 3: Indicators normalisation implemented in GISEQ calculation

| Fuzzy Set Membership Functions | | Indicator - Normalisation parameters | | |
|--------------------------------|--|---|--|---|
| Linear | <p><u>Increasing function</u></p> <p>$y = 0, x \leq x_a$ $y = (x-x_a)/(x_b-x_a), x > x_a$ and $x < x_b$ $y = 1, x \geq x_b$</p> | <p><u>Decreasing function</u></p> <p>$y = 1, x \leq x_c$ $y = s(x-x_d)/(x_c-x_d), x > x_c$ and $x < x_d$ $y = 0, x \geq x_d$</p> | <p>AA01 Increasing Year 2007: $x_a=90\%$ and $x_b=95\%$ Year 2006: $x_a=80\%$ and $x_b=93\%$ Years 2005: $x_a=50\%$ and $x_b=93\%$</p> <p>AA05 Increasing: $x_a=97.5\%$ and $x_b=99\%$</p> <p>AA06 Increasing: $x_a=97\%$ and $x_b=100\%$</p> <p>AA10 Decreasing: $x_c=5\%$ and $x_d=10\%$</p> <p>AA11 Increasing: $x_a=90\%$ and $x_b=100\%$</p> <p>AA 12 Increasing: $x_a=50\%$ and $x_b=70\%$ Decreasing: $x_c=90\%$ and $x_d=100\%$</p> <p>AA13 $x_a=x_b=1$</p> <p>AA14 Consolidated systems Increasing: $x_a=0.8\%$ and $x_b=1\%$ Recent systems Decreasing: $x_a=0.8\%$ and $x_b=1\%$</p> <p>AA 18 Decreasing: $x_c=4\%$ and $x_d=8\%$</p> <p>AA 20 Increasing: $x_a=90\%$ and $x_b=95\%$</p> | |
| | <p><u>Increasing function</u></p> <p>$y = 0, x \leq x_a$ $y = \sin^2[(x-x_a)/(x_b-x_a)*\pi/2],$ $x > x_a$ and $x < x_b$ $y = 1, x \geq x_b$</p> | | <p><u>Decreasing function</u></p> <p>$y = 1, x \leq x_c$ $y = \sin^2[(x-x_d)/(x_c-x_d)*\pi/2],$ $x > x_c$ and $x < x_d$ $y = 0, x \geq x_d$</p> | <p>AA03 Decreasing, $x_c=0$ and $x_d=0.2$</p> <p>AA07 Increasing, $x_a=0.9$ and $x_b=1.5$</p> <p>AA16 Decreasing, $x_c=15$ and $x_d=20$</p> <p>AA17 Increasing, $x_a=0.15$ and $x_b=1$</p> <p>AA19 Decreasing, $x_c=1.75$ and $x_d=2.5$ Decreasing, $x_c=0.4$ and $x_d=0.8$</p> |
| | <p><u>Increasing function</u></p> <p>$y = 1/(1+(((x-x_b)/(x_b-x_a))^2)), x < x_b$ with $y=0.5, x=x_c$ $y = 1, x \geq x_b$</p> | | <p><u>Decreasing function</u></p> <p>$y = 1, x \leq x_c$ with $y=0.5, x=x_d$ $y = 1/(1+(((x-x_c)/(x_c-x_d))^2)), x < x_c$</p> | <p>AA02 Decreasing $x_c=$ average - standard deviation $x_d=$ average + standard deviation</p> <p>AA08 Decreasing $x_c=$ average - standard deviation $x_d=$ average + standard deviation</p> <p>AA09 Increasing: $x_a= 0.15$ and $x_b= 0.20$</p> |
| | Complex | | <p>AA04 Linear increasing ($x_a=99\%$; $y_a=0$) and ($x_b=100\%$; $y_b=0.5$) Linear increasing ($x_a=100\%$; $y_a=0.5$) and ($x_b=110\%$; $y_b=1$)</p> | |

Given the adopted structure of the ERSAR's Performance Indicators System (Table 1) the criteria aggregation process resulted, primarily, in three sectoral indexes given by equation 1, and, after, the GISEQ value (I_g) has resulted of a similar weighted combination of those indexes calculated by equation 2.

$$I_i = \sum (S_{i,j} \times W_{AA,j}) \tag{1}$$

$$I_g = \sum (I_i \times w_{i,i}) \tag{2}$$

A very important component of a multicriteria evaluation model concerns the priorities attached to the various criteria, i.e. the values of the weights in equations 1 and 2. The objective of developing weights is to quantify the relative importance of criteria to one another, in terms of their contribution to an overall index. This detail is highlighted by Cheng *et al.* [16], since evaluating decision alternatives in a new and complex problem setting often involves subjective evaluation by a group of

decision makers with respect to a set of qualitative criteria.

2.3 Indicators weighting methods

Defining the relative importance of each indicator is a step in the multicriteria analysis methodology that requires a reliable and meticulous basis, namely through evaluations by analytical experts (academic, managers and advanced utility technicians).

Accordingly, an on-line survey was implemented in which participants were asked to rate, on a scale of 1 (insignificant) to 7 (extremely significant) the importance of several indicators in each group and of each of the three groups for performance and sustainability. The data collected that correspond to the 23 obtained answers are summarised in Table 4. It is possible to see that three of the surveyed individuals assigned the same importance (maximum) to all indicators.

Table 4: Summary of the ratings obtained in the online analytical experts survey

| AA01 | AA02 | AA03 | AA04 | AA05 | AA06 | AA07 | AA08 | AA09 | AA10 | AA11 | AA12 | AA13 | AA14 | AA16 | AA17 | AA18 | AA19 | AA20 | Average | Standard Deviation |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|---------------------------|--------------------|
| 7 | 7 | 5 | 6 | 7 | 4 | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 5 | 6 | 7 | 6 | 6 | 6 | 6.2 | 0.83 |
| 5 | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 7 | 7 | 7 | 5 | 7 | 5 | 5 | 5 | 6 | 6 | 6 | 6.3 | 0.87 |
| 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7.0 | 0.00 |
| 2 | 2 | 5 | 6 | 7 | 7 | 5 | 5 | 5 | 5 | 7 | 5 | 3 | 4 | 4 | 3 | 4 | 6 | 7 | 4.8 | 1.61 |
| 5 | 6 | 7 | 5 | 7 | 5 | 7 | 4 | 7 | 6 | 4 | 5 | 5 | 4 | 5 | 4 | 7 | 7 | 7 | 5.6 | 1.21 |
| 5 | 7 | 7 | 7 | 7 | 6 | 6 | 6 | 4 | 6 | 4 | 6 | 4 | 4 | 6 | 5 | 6 | 7 | 4 | 5.6 | 1.16 |
| 6 | 6 | 5 | 4 | 7 | 3 | 6 | 5 | 4 | 5 | 4 | 5 | 3 | 5 | 4 | 4 | 6 | 3 | 4 | 4.7 | 1.16 |
| 5 | 7 | 7 | 7 | 7 | 4 | 5 | 5 | 4 | 7 | 4 | 6 | 5 | 5 | 5 | 4 | 7 | 6 | 5 | 5.5 | 1.17 |
| 7 | 6 | 6 | 6 | 7 | 6 | 6 | 6 | 6 | 7 | 6 | 6 | 6 | 5 | 5 | 6 | 6 | 6 | 5 | 6.0 | 0.58 |
| 6 | 7 | 6 | 6 | 7 | 5 | 6 | 7 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 7 | 5 | 5.8 | 0.79 |
| 6 | 3 | 7 | 5 | 7 | 5 | 6 | 7 | 4 | 6 | 7 | 6 | 5 | 5 | 6 | 5 | 7 | 6 | 6 | 5.7 | 1.10 |
| 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7.0 | 0.00 |
| 6 | 6 | 7 | 5 | 7 | 4 | 5 | 6 | 5 | 5 | 5 | 6 | 6 | 5 | 5 | 5 | 6 | 6 | 6 | 5.6 | 0.77 |
| 7 | 7 | 6 | 4 | 7 | 4 | 7 | 6 | 6 | 7 | 5 | 6 | 6 | 5 | 6 | 6 | 7 | 7 | 6 | 6.1 | 0.97 |
| 6 | 6 | 6 | 6 | 6 | 4 | 6 | 4 | 5 | 5 | 3 | 3 | 3 | 3 | 4 | 5 | 6 | 6 | 5 | 4.8 | 1.21 |
| 7 | 6 | 6 | 5 | 7 | 4 | 5 | 6 | 5 | 7 | 6 | 4 | 4 | 2 | 6 | 4 | 7 | 6 | 7 | 5.5 | 1.39 |
| 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7.0 | 0.00 |
| 5 | 7 | 6 | 6 | 7 | 6 | 6 | 7 | 6 | 6 | 1 | 5 | 5 | 3 | 6 | 6 | 5 | 6 | 6 | 5.5 | 1.43 |
| 7 | 7 | 7 | 5 | 7 | 7 | 7 | 7 | 5 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6.8 | 0.63 |
| 7 | 6 | 6 | 5 | 7 | 5 | 4 | 6 | 4 | 6 | 5 | 4 | 4 | 4 | 4 | 5 | 6 | 6 | 6 | 5.3 | 1.05 |
| 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 4 | 5 | 4 | 6 | 4 | 2 | 5 | 5 | 5.3 | 1.11 |
| 4 | 6 | 5 | 7 | 7 | 3 | 5 | 6 | 6 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 4 | 4 | 3 | 5.3 | 1.20 |
| 7 | 7 | 5 | 6 | 7 | 4 | 7 | 7 | 6 | 7 | 6 | 4 | 5 | 6 | 6 | 6 | 6 | 7 | 7 | 6.1 | 0.99 |
| 6.0 | 6.2 | 6.2 | 5.9 | 6.9 | 5.2 | 6.1 | 6.1 | 5.6 | 6.2 | 5.4 | 5.4 | 5.3 | 4.9 | 5.6 | 5.3 | 6.0 | 6.1 | 5.8 | Average | |
| 1.26 | 1.28 | 0.80 | 0.97 | 0.29 | 1.38 | 0.90 | 0.95 | 1.12 | 0.80 | 1.56 | 1.12 | 1.32 | 1.35 | 0.99 | 1.19 | 1.24 | 1.01 | 1.15 | Standard deviation | |

The performance indicator that was consensually considered to be the most important was AA5 (*Quality of supplied water*), whereas AA14 (*Mains rehabilitation*) was globally rated as the least important, though in a not so consensual manner.

The results of this survey were used as a basis for setting up the three performance indicator weighting methods presented in Table 5.

This was carried out in order to allow a sensitivity analysis of the GISEQ values and, consequently, of

the changes in relative order of the several water suppliers in the established overall ranking.

Table 5: Methods applied in the indicators weighting

| Weighting Method | |
|------------------|---|
| A | n-points scale |
| B | Pairwise comparisons |
| C | n-points scale modified (complemented with a ranking) |

2.3.1 Weighting method A

The n-points scale method (method A) consists in the assignment of weights as a function of the averages of the results obtained through the survey for each performance indicator.

This method produces weights that are similar in magnitude when the number of criteria is reduced (less than 4), as can be seen in Table 6 for the three Index 3 performance indicators (AA18 to AA20), which exhibit a relative weight variation of only 5.2%. In the case of the ten indicators from Index 2, the relative weight variation triples, increasing to 15.8%.

For this reason and in view of the possibilities enabled by information gathered in the survey, it was possible to transform – in an innovative manner – the ratings assigned by each survey participant through a classic process of pairwise comparison of criteria (method B).

2.3.2 Weighting method B

This new method, based on pairwise comparison of criteria, assigns a weight to an indicator as a consequence of its comparison with another indicator.

In applying this methodology, the information provided by each participant allowed the construction of an $n \times n$ symmetrical matrix for each group. In order to complete the matrix, the 7-point scale used in the survey was converted to the 9-point scale adopted by Saaty [17] in the context of a decision making process known as Analytical Hierarchy Process (AHP). To deal with the qualitative attributes in subjective judgment, Chiang and Chih-Young [18] also employed an analytic hierarchy process (AHP) to determine the weights of decision criteria.

As showed by Silva *et al.* [19], the pairwise comparison strategy comprises seven stages: construction of a pairwise comparison matrix ($[a_{ij}]$); calculation of the main eigenvector; calculation of the maximum eigenvalue; calculation of the Consistency Index (CI) and the Random Index (RI); calculation of the Consistency Ratio through CI/RI and, the possible repetition of the pairwise comparison matrix if the CR is greater than 0.1.

The eigenvector (w_i) results from the maximum matrix eigenvalue, translates the priority order of the factors and can be calculated through equation 3.

$$w_i = \left(\prod_{j=1}^n a_{ij} \right)^{1/n} / \sum_{k=1}^n \left[\left(\prod_{j=1}^n a_{kj} \right)^{1/n} \right] \quad (3)$$

2.3.2 Weighting method C

Besides the two weight-assignment methods before described, a new hybrid method (method C) was developed and based upon the values of the weights obtained using method A, through the assignment of a rating by ranking those weights, applying the *rank sum* technique to calculate the final weights of the criteria through equation 4. Therefore, the greatest rating corresponded to the highest weight ranking order and so forth, with rating decreasing with the ranking order.

$$w_j = \frac{n - r_j + 1}{\sum_k n - r_k + 1} \quad (4)$$

Where,

- w_j is the normalised j criterion weight;
- r_j is the order of the j criterion;
- n is the number of criteria.

Naturally, the maximum rating depended on the total number of indicators in each one of the three groups under scrutiny. Table 6 highlights the differences introduced by the three weight assignment methods by synthesising the values of the weights obtained for each performance indicator and sectoral index, using each method [20].

Table 6: Synthesis of the performance indicators' weights calculation, applying three different methods (%)

| Indicator | Method A | Method B | Method C |
|----------------|--------------|--------------|--------------|
| AA01 | 16.37 | 16.23 | 13.64 |
| AA02 | 17.08 | 18.13 | 22.73 |
| AA03 | 17.08 | 16.48 | 22.73 |
| AA04 | 16.13 | 13.29 | 9.09 |
| AA05 | 19.00 | 25.89 | 27.27 |
| AA06 | 14.34 | 9.99 | 4.55 |
| Index 1 | 34.71 | 40.17 | 50.00 |
| AA07 | 10.88 | 13.42 | 15.79 |
| AA08 | 10.88 | 13.82 | 15.79 |
| AA09 | 10.02 | 9.77 | 12.28 |
| AA10 | 11.11 | 14.66 | 17.54 |
| AA11 | 9.71 | 9.59 | 8.77 |
| AA12 | 9.71 | 8.81 | 8.77 |
| AA13 | 9.40 | 7.49 | 3.51 |
| AA14 | 8.78 | 5.97 | 1.75 |
| AA16 | 9.95 | 8.57 | 10.53 |
| AA17 | 9.56 | 7.90 | 5.26 |
| Index 2 | 33.10 | 32.68 | 33.33 |
| AA18 | 33.41 | 35.00 | 33.33 |
| AA19 | 34.14 | 35.91 | 50.00 |
| AA20 | 32.45 | 29.10 | 16.67 |
| Index 3 | 32.18 | 27.16 | 16.67 |

Because it displays the least differences between weights, method A is the most conservative, leading to a lesser risk of influencing the final utility ranking results.

Conversely, method C is the least conservative and carries the ability to introduce more significant changes to the final results.

3 Results and discussion

The scenarios under analysis in this paper refer to the performance of water managing entities for two consecutive years (2006 and 2007), for the same analytical universe and for the purpose of evaluating the influence of the weighting method in the final rating and ranking order of each entity.

The results obtained for the sectoral indices and for the GISEQ are presented in Tables 7 and 8.

Table 7 Synthesis of the indices' calculation and the ranking position of water suppliers in from 2006

| Utility | Method A | | | | | Method B | | | | | Method C | | | | |
|-----------------------|----------|------|------|------|----|----------|------|------|------|----|----------|------|------|------|----|
| | I1 | I2 | I3 | Ig | RP | I1 | I2 | I3 | Ig | RP | I1 | I2 | I3 | Ig | RP |
| A | 3.30 | 1.89 | 3.22 | 8.41 | 3 | 3.82 | 1.99 | 2.72 | 8.53 | 3 | 4.73 | 2.27 | 1.67 | 8.67 | 2 |
| B | 1.22 | 0.44 | 1.78 | 3.45 | 15 | 0.17 | 0.33 | 1.46 | 1.97 | 15 | 1.94 | 0.16 | 0.89 | 2.98 | 15 |
| C | 2.70 | 2.61 | 3.22 | 8.54 | 2 | 3.13 | 2.73 | 2.72 | 8.57 | 2 | 3.97 | 3.00 | 1.67 | 8.64 | 3 |
| D | 2.56 | 1.85 | 1.98 | 6.39 | 6 | 2.92 | 1.86 | 1.62 | 6.40 | 6 | 3.70 | 2.05 | 0.99 | 6.74 | 7 |
| E | 1.87 | 1.67 | 1.53 | 5.07 | 11 | 2.36 | 1.64 | 1.36 | 5.35 | 11 | 3.16 | 1.59 | 1.02 | 5.76 | 12 |
| F | 3.41 | 2.04 | 3.22 | 8.67 | 1 | 3.96 | 2.20 | 2.72 | 8.87 | 1 | 4.95 | 2.54 | 1.67 | 9.15 | 1 |
| G | 1.49 | 1.82 | 1.47 | 4.78 | 12 | 1.67 | 1.90 | 1.37 | 4.94 | 13 | 2.32 | 1.93 | 1.16 | 5.41 | 13 |
| H | 2.22 | 1.89 | 0.33 | 4.44 | 13 | 2.75 | 1.88 | 0.31 | 4.95 | 12 | 3.79 | 1.96 | 0.31 | 6.07 | 9 |
| I | 2.72 | 0.39 | 3.16 | 6.27 | 8 | 3.12 | 0.31 | 2.67 | 6.10 | 8 | 4.02 | 0.22 | 1.64 | 5.87 | 11 |
| J | 1.99 | 2.03 | 3.06 | 7.08 | 5 | 2.47 | 2.13 | 2.57 | 7.17 | 5 | 3.35 | 2.45 | 1.54 | 7.34 | 5 |
| K | 2.46 | 1.42 | 1.47 | 5.35 | 9 | 3.17 | 1.44 | 1.37 | 5.97 | 9 | 4.48 | 1.42 | 1.16 | 7.06 | 6 |
| L | 1.74 | 1.39 | 3.22 | 6.35 | 7 | 2.16 | 1.40 | 2.72 | 6.27 | 7 | 2.90 | 1.34 | 1.67 | 5.91 | 10 |
| M | 1.63 | 2.01 | 1.47 | 5.10 | 10 | 2.15 | 2.12 | 1.37 | 5.63 | 10 | 3.31 | 2.20 | 1.16 | 6.67 | 8 |
| N | 1.79 | 1.62 | 0.94 | 4.35 | 14 | 2.12 | 1.58 | 0.83 | 4.53 | 14 | 2.93 | 1.48 | 0.71 | 5.12 | 14 |
| O | 1.86 | 2.49 | 3.16 | 7.51 | 4 | 2.30 | 2.60 | 2.67 | 7.58 | 4 | 3.28 | 2.79 | 1.64 | 7.71 | 4 |
| RP = ranking position | | | | | | | | | | | | | | | |

Table 8 Synthesis of the indices' calculation and the ranking position of water suppliers in from 2007

| Utility | Method A | | | | | Method B | | | | | Method C | | | | |
|-----------------------|----------|------|------|------|----|----------|------|------|------|----|----------|------|------|------|----|
| | I1 | I2 | I3 | Ig | RP | I1 | I2 | I3 | Ig | RP | I1 | I2 | I3 | Ig | RP |
| A | 3.38 | 1.93 | 3.22 | 8.53 | 1 | 3.92 | 2.12 | 2.72 | 8.76 | 1 | 4.89 | 2.53 | 1.67 | 9.09 | 1 |
| B | 2.24 | 0.91 | 1.98 | 5.14 | 12 | 2.45 | 0.80 | 1.62 | 4.88 | 13 | 3.05 | 0.61 | 0.99 | 4.65 | 14 |
| C | 2.78 | 2.22 | 3.22 | 8.22 | 3 | 3.40 | 2.40 | 2.72 | 8.51 | 3 | 4.71 | 2.60 | 1.67 | 8.98 | 2 |
| D | 2.59 | 1.70 | 1.98 | 6.28 | 8 | 3.00 | 1.64 | 1.62 | 6.26 | 8 | 3.79 | 1.60 | 0.99 | 6.38 | 10 |
| E | 2.05 | 1.72 | 2.82 | 6.58 | 6 | 2.54 | 1.60 | 2.36 | 6.50 | 7 | 3.48 | 1.56 | 1.42 | 6.46 | 9 |
| F | 3.42 | 1.72 | 3.22 | 8.36 | 2 | 3.96 | 1.93 | 2.72 | 8.61 | 2 | 4.95 | 2.21 | 1.67 | 8.83 | 3 |
| G | 2.06 | 1.71 | 1.93 | 5.70 | 9 | 2.56 | 1.67 | 1.59 | 5.81 | 10 | 3.49 | 1.66 | 1.00 | 6.15 | 12 |
| H | 2.31 | 1.82 | 0.57 | 4.70 | 14 | 2.87 | 1.48 | 0.38 | 4.72 | 14 | 3.98 | 1.82 | 0.53 | 6.34 | 11 |
| I | 2.04 | 0.40 | 2.00 | 4.44 | 15 | 2.40 | 0.33 | 1.63 | 4.37 | 15 | 3.25 | 0.22 | 0.90 | 4.37 | 15 |
| J | 2.01 | 1.50 | 3.06 | 6.57 | 7 | 2.49 | 1.73 | 2.57 | 6.80 | 6 | 3.39 | 2.11 | 1.54 | 7.04 | 6 |
| K | 2.24 | 1.65 | 1.47 | 5.36 | 10 | 2.87 | 1.75 | 1.37 | 5.99 | 9 | 3.95 | 1.80 | 1.16 | 6.91 | 7 |
| L | 1.98 | 1.70 | 3.22 | 6.90 | 5 | 2.46 | 1.84 | 2.72 | 7.02 | 5 | 3.33 | 2.05 | 1.67 | 7.05 | 5 |
| M | 1.63 | 2.08 | 1.47 | 5.18 | 11 | 2.15 | 2.21 | 1.37 | 5.72 | 11 | 3.31 | 2.31 | 1.16 | 6.78 | 8 |
| N | 2.11 | 1.85 | 1.10 | 5.06 | 13 | 2.54 | 1.75 | 0.98 | 5.26 | 12 | 3.41 | 1.69 | 0.83 | 5.94 | 13 |
| O | 2.37 | 2.62 | 2.82 | 7.80 | 4 | 2.76 | 2.68 | 2.36 | 7.79 | 4 | 3.67 | 2.78 | 1.46 | 7.91 | 4 |
| RP = ranking position | | | | | | | | | | | | | | | |

These regard fifteen managing entities and their ranking order in 2006 and 2007, respectively. The developed model further allows the analysis, for each weight assignment method, of the evolution of

ranking orders from 2006 to 2007, thus identifying the utilities that have gone up, gone down or have maintained their ranking position. Table 9 displays the observed evolution.

Table 9 Synthesis of the evolution of ranking orders from 2006 to 2007, for each weighting method

| Water supplier | Weighting methods | | | | | | | | | | | |
|----------------|-------------------|---|---|---------|---|---|---------|---|---|-------|---|----|
| | A | B | C | A | B | C | A | B | C | A | B | C |
| | Index 1 | | | Index 2 | | | Index 3 | | | GISEQ | | |
| A | ↔ | ↔ | ↔ | ↑ | ↑ | ↑ | ↔ | ↔ | ↔ | ↑ | ↑ | ↑ |
| B | ↑ | ↑ | ↔ | ↔ | ↔ | ↑ | ↔ | ↔ | ↑ | ↑ | ↑ | ↑ |
| C | ↑ | ↑ | ↑ | ↓ | ↓ | ↓ | ↔ | ↔ | ↔ | ↓ | ↓ | ↑ |
| D | ↑ | ↑ | ↑ | ↓ | ↓ | ↓ | ↓ | ↓ | ↑ | ↓ | ↓ | ↓ |
| E | ↓ | ↔ | ↑ | ↑ | ↓ | ↓ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| F | ↔ | ↔ | ↔ | ↓ | ↓ | ↓ | ↔ | ↔ | ↔ | ↓ | ↓ | ↓ |
| G | ↑ | ↑ | ↑ | ↔ | ↓ | ↓ | ↔ | ↓ | ↓ | ↑ | ↑ | ↑ |
| H | ↑ | ↑ | ↑ | ↑ | ↓ | ↔ | ↔ | ↔ | ↔ | ↓ | ↓ | ↓ |
| I | ↓ | ↓ | ↓ | ↔ | ↔ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ |
| J | ↓ | ↓ | ↑ | ↓ | ↓ | ↓ | ↑ | ↑ | ↑ | ↑ | ↓ | ↓↑ |
| K | ↓ | ↓ | ↓ | ↔ | ↑ | ↑ | ↓ | ↓ | ↔ | ↓ | ↔ | ↓ |
| L | ↓ | ↓ | ↑ | ↑ | ↑ | ↑ | ↔ | ↔ | ↔ | ↑ | ↑ | ↑ |
| M | ↓ | ↓ | ↓ | ↑ | ↑ | ↑ | ↓ | ↓ | ↔ | ↓ | ↓ | ↔ |
| N | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↔ | ↔ | ↔ | ↑ | ↑ | ↑ |
| O | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↓ | ↓ | ↓ | ↔ | ↔ | ↔ |

The results presented in this table confirm that, according to method A, seven entities improved their ranking versus seven others that obtained lower orders and one that managed to keep the GISEQ value. In terms of the sectoral indices, entities C, D, F, I and J are the only ones that have not evolved favourably from 2006 to 2007, since H, K and M, despite having their ranking order lowered, obtained an improved GISEQ value. From the results obtained using method B, six utilities improved their ranking, seven decreased it and two showed no changed. Table 10 shows, for each year, a synthesis of the variation of ranking position of each water supplier in terms of the weight assignment method applied.

In general, the evolution trend in utility performance is very similar between methods A and B. As for method C, seven suppliers improved, while six have lowered their ranking and two maintained their position.

It is also verified that the influence imparted by the weighting method in each utility's ranking is not

only due to the change in values for each index but also to the relative order of the other utilities.

Table 10: Synthesis of the evolution of ranking orders from 2006 to 2007, for each weighting method

| Utility | 2006 | | | 2007 | | |
|---------|------|-----|-----|------|-----|-----|
| | A→B | A→C | B→C | A→B | A→C | B→C |
| A | I | D | D | E | E | E |
| B | D | E | E | I | I | I |
| C | I | I | I | E | D | D |
| D | I | I | I | E | I | I |
| E | I | I | I | I | I | I |
| F | I | E | E | E | I | I |
| G | I | I | E | I | I | I |
| H | I | D | D | E | D | D |
| I | D | I | I | E | E | E |
| J | I | E | E | D | D | E |
| K | I | D | D | D | D | D |
| L | D | I | I | E | E | E |
| M | I | D | D | E | D | D |
| N | I | E | E | D | E | I |
| O | I | E | E | E | E | E |

I = increases; E= equal; D = decreases;

4 Conclusions

This research work is an important contribution for the improvement of the Portuguese performance assessment system of the water supply services, through the development and application of a complementary methodology to define a global index of service quality (GISEQ).

The proposed methodology allows a truly quantitative evaluation for a given water supplier in order to achieve accurate performance rates, in which each performance indicator represents a criterion to be considered and judiciously weighted. With regards to the great importance imparted by the weights assigned to the performance indicators (criteria) in the final values of service quality indices, a sensitivity analysis was carried out for the weighting method to use.

In that sense, the global index values – obtained through methods A, B and C – for each water supplier were compared. Of these, two of them (B and C) show an innovative approach that could open new avenues for the development of theory in multicriteria analysis.

Of the six scenarios analysed in this paper, it is possible to conclude that: 2007 is, in general, the year for which the water utilities had a better performance, confirming the trend observed from the onset of the implementation of the performance evaluation system established by the regulatory entity; weighting method C is the one that produces the greatest dispersion in GISEQ values; the results obtained in method B are slightly superior in relation to the ones obtained from method A.

The normalisation of each criterion's score is a crucial stage of this methodology. Therefore, in the absence of legal norms and requisites for setting the performance levels to demand from each indicator, a broad consultation should be carried out that includes the several utilities involved in the process, in order to define balanced values for the intervals considered in the definition of corresponding fuzzy functions.

The developed model for the definition of the different indices allows the establishing of a global and sectoral ranking, evaluate the evolution of the performance of each water supplier in their different domains, and identify the corresponding weaknesses and potential, contributing to a continuous improvement of service quality in water supply systems.

The evaluation process thus developed facilitates benchmarking, providing a relevant contribution to the sustainability of an activity sector that, despite enjoying weak competition, provides a vital service to the community, namely in the protection of

public health and in being an important factor for social and economic development.

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