

The aim of the *Journal of CENTRUM Cathedra (JCC): The Business and Economics Research Journal* is to become an evergreen, favorable journal through disseminating high-quality scholarly research articles to the pool of knowledge seekers in the field of business and economics, as well as play a vital role as a medium of exchange for transmitting and simulating the frontiers of thought and enhancing business and economics research between Latin American and non-Latin American countries with its well-balanced research framework.

In this Special Issue on “Business Performance Management under Uncertain Environments” of the *Journal of CENTRUM Cathedra (JCC): The Business and Economics Research Journal*, we feature four excellent papers that illustrate the broad scope of research on performance measurement. Performance measurement has long been an important area of research in the field of management science. The papers here range from analytical modelling of a multi-agent monitoring problem to empirical and theoretical analysis for productive efficiency estimation.

In the paper titled “Performance Monitoring by Managerial Teams”, Jinghong Liang, Madhav Rajan and Korok Ray explore the design of management teams when the critical task facing individual managers is monitoring the performance of worker teams and producing performance measures under uncertain information environments. The authors utilize a multi-agent LEN framework: linear contract, exponential utility and normal density, which are widely used in applied economic models. Furthermore, the authors focus on the monitoring function of managerial tasks using a model designed to highlight the trade-offs involved in motivating monitoring incentives. The analysis shows that the scope for free-riding can be very severe theoretically and synergies must be identified in building managerial teams for the monitoring function. Avenues for further research are also proposed. This paper contributes to the theory of management teams.

In the context of corporate scandals and accounting irregularities that rattled the US capital markets, the Sarbanes-Oxley Act was signed in 2002 to protect investors by improving the accuracy and reliability of corporate financial reporting. In the paper titled “The Effect of the Sarbanes-Oxley Act on Firm Productivity”, Hsihui Chang and Helen Choy analyze annual firm-level data from the Compustat database for the period of 1991-2006 to examine the impact of the Sarbanes-Oxley Act on firms’ productivity. The authors use total factor productivity as a measure of firm productivity. Contrary to the existing criticism, the results indicate that the overall benefits of the Act seem to outweigh its costs as evidenced by the improved firm productivity. The empirical results also suggest that firms reporting an enhancement in their internal control system gain more, in terms of productivity, in the post-Act period. The paper aims to be

informative and beneficial to regulators, investors, corporate American and the general public.

Data envelopment analysis (DEA) is a non-parametric technique commonly used to measure the relative performance of a set of homogeneous decision-making units, which use several inputs to produce several outputs. The determination of least distance and closest targets have attracted significant attention over the past few years in the literature on efficiency measurement. In the paper titled “A survey on measuring efficiency through the determination of the least distance in Data Envelopment Analysis”, Juan Aparicio reviews the state of the research and classifies the different contributions. In this sense, the author states the main differences between the DEA approaches based on furthest targets and those based upon the determination of closest targets, followed by a description of the existing ways of computing the least distance. He then discusses which properties the new approach satisfies, focusing his attention particularly on monotonicity. The key existing results on how to measure and decompose economic inefficiency through least distance are also reported.

As previously mentioned, DEA is regarded, currently, as one of the excellent management science tools to measure the productive efficiency of a set of decision-making units. In the paper titled “Outliers in Data Envelopment Analysis”, Taylor Boyd, Grade Docken and John Ruggiero advance a method of estimating the production frontier in the presence of outliers using the stochastic DEA model of Banker (1988) with assumptions on the probability density function of the inefficiency term. The usefulness of the proposed method is made visible in empirical analyses, where infeasible outliers appear above the frontier from a different distribution than the inefficiency. The authors conduct a simulation analysis of the likelihood approach and allow the number of observations, the standard deviation of inefficiency, the percentage of outliers and the distribution for the outliers to vary. The results indicate that the likelihood approach performs well, achieving comparable results to DEA models across specifications.

The many academics and researchers who contributed articles and the experts within the field who reviewed the articles have made this issue of the journal possible. We thank you. We further extend our gratitude to the administrative and editorial staff of *JCC: The Business and Economics Research Journal* and Emerald Publishing. Special recognition goes to Professor Fernando D'Alessio, the Director General of CENTRUM Católica Graduate Business School, for his extensive support.

The articles published in this issue of the *JCC: The Business and Economics Research Journal* should be of considerable interest. We wish you, our readers, informative reading.

Vincent Charles and Rajiv D. Banker

Special Issue Editors

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