

Western Agricultural Economics Association (1995)

A New Method of Estimating Stochastic Production Functions

Safer H. Al-kahtani, Bader El-Din E. Sofian

Agricultural Economics Department, College of Agriculture, King Saud University, Saudi Arabia

Abstract

The purpose of this paper is to develop a new method of estimating productive inefficiency of frontier production functions. A composed additive disturbance term, as the sum of symmetric and non-positive random variables, is specified. Normal equation is derived to estimate the coefficient and inefficiency measures.