
**THE RANKING METHOD FOR MEASURING A SPECIFIC
FARM TECHNICAL INEFFICIENCY**

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ABSTRACT

Ranking method is used to measure a specific farm technical inefficiency for greenhouse, dairy product, and table-egg production. The advantage of this technique is its simplicity over other complicated estimators. Moreover, it does not require a composed error term which allows OLS to be a good estimators. Results are reconciled with economic logic of existing constant returns to scale in agricultural frontier production functions. Results show that efficiency are predominating in large farms.

Key words: Production functions.

INTRODUCTION

There has recently been much concern over estimating a stochastic frontier production functions to provide insight about measuring technical and economic efficiency in production. Previous work on the estimation of parametric frontier production functions begin with specifying a composed error term either in additive or multiplicative forms to measure technical and economic efficiency, namely : negative disturbance error reflects that output must lie on or