



SDI FINAL EVALUATION FORM 1.1

PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	2013_BJEMT_5149
Title of the Manuscript:	Semiparametric stochastic frontier estimation using Generalized Additive Models

PART 2:

FINAL EVALUATOR'S comments on revised paper (if any)	Authors' response to final evaluator's comments
1. The author defined $\varepsilon = v - u$, which is correct. However, the key issue here is that $E(\varepsilon) \neq 0$. This is because the technical inefficiency u is not zero, and the noise term, v can be either positive or negative. Formally, $E(\varepsilon) = E(v - u) = E(v) - E(u) = -E(u) \neq 0$. Since $E(\varepsilon) \neq 0$, the author may want to transform the model first. For example $y = m(x) + v - u = m(x) + v - u + E(u) - E(u) = m(x) - E(u) + v - u + E(u)$. Let $v - u + E(u) = \mu$, then $E(\mu) = 0$. The regression function becomes $g(x) = m(x) - E(u)$. Then the author can use the spline method to estimate $m(x)$. $E(u)$ can also be estimated if u follows some known distribution. 2. While it may not be easy to calculate marginal products from unknown function, some researchers have proposed gradient estimation method for additive nonparametric models. See Ozabaci and Henderson (2012) "Gradients via Oracle Estimation for Additive Nonparametric Regression Models with Application to Returns to Schooling."	1. Your point is well-taken. We delighted to use your constructive comments and notations and incorporate them into the manuscript. Please see page 3. 2. Your point is well-taken. With your permission, we suggested the use of gradient estimation method as one of the further areas for research in the 'Conclusion and Outlook' Section of the article. Please see page 10. Your recommendation also inspired us to apply the gradient method to our other research projects that are currently being conducted. We also updated the 'Reference' Section for the new citation. Thank you.