

Title: *Estimating Cross-country Technical Efficiency, Economic Performance and Institutions – A Stochastic Production Frontier Approach*

Author: Cecilia Kwok Ying Lam

Institution/Country: The University of Birmingham, United Kingdom

Growth measurement is a fundamental exercise to understand the source of economic growth. This paper suggests using the stochastic production frontier approach (SPF) to measure country-level technical efficiency for a better comparison of economic performances. The results show that there is a substantial difference in understanding cross-country technical efficiency and traditional total factor productivity growth measurement. By means of the SPF model, it also allows us to seek for the sources of technical efficiency. Institutional arrangements explain the sources of cross-country technical inefficiency. Among various measures of institutions, we find that the role of the State, political institution and openness to international trade are significant factors of global divergent economic performances.