Efficient Statistical Inference Procedures for Partially Nonlinear Models and their Applications

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Abstract
Motivated by an analysis of a real data set in ecology, we propose a new class of partially nonlinear models where both of a nonparametric component and a parametric component present. We develop two new estimation procedures to estimate the parameters in the parametric component. Consistency and asymptotic normality of the resulting point estimators are established. We further propose an estimation procedure and a generalized likelihood ratio test procedure for the nonparametric component in the partially nonlinear models. Asymptotic properties of the newly proposed estimation procedure and test statistics are derived. Finite sample performance of the proposed inference procedures are assessed by Monte Carlo simulation studies. An application in ecology is used to illustrate the proposed methods.

1 Introduction
Semiparametric regression models are useful for data analysis since they retain the flexibility of nonparametric models and the ease of interpretation of parametric models. Bickel, et
(1993) gives insightful procedures to construct efficient estimators for parameters in
the parametric component. Ruppert, Wand and Carroll (2003) presents various estimation
procedures and many applications of semiparametric regression models. The current work
proposes a new class of semiparametric models. These new models will be referred as to
**partially nonlinear models**, since they are natural extensions of **partially linear models**.

This work is motivated by a real data example in ecology. Detailed analysis of this
example will be given in Section 3.2. Here, we give a brief description. It is known that
sunlight intensity affects the rate of photosynthesis in an ecosystem. Since leaves absorb
carbon dioxide (CO$_2$) during the course of photosynthesis, the *Net Ecosystem Exchange*
(NEE) of CO$_2$, is used to measure the level of photosynthetic activity in a natural ecosystem.
Photosynthetic rate measured by NEE depends on the amount of *Photosynthetically Active
Radiation* (PAR) available to an ecosystem.

It was typically assumed based on empirical studies that the relationship between NEE
and PAR is nonlinear and may be described by the following nonlinear regression model

$$
\text{NEE} = R - \frac{\beta_1 \text{PAR}}{\text{PAR} + \beta_2} + \varepsilon,
$$

where $\varepsilon$ is a random error with zero mean, and $R$, $\beta_1$ and $\beta_2$ are unknown parameters with
physical interpretations. Specifically, $R$ is the dark respiration rate, $\beta_1$ is the light-saturated
net photosynthetic rate, and $\beta_1/\beta_2$ is the apparent quantum yield. The empirical NEE-PAR
relationship in (1.1) has been applied widely since remote sensing data became available (see,
for instance, Montheith, 1972, and more recent work by Ruimy et al., 1999 and references
therein).

Model (1.1) was originally adopted based on laboratory experiments in which temperature
can be well controlled. However, the temperature cannot be controlled in an ecosystem, and
the parameter $R$ most likely depends on the temperature. To illustrate their dependence on
the temperature, 2-dimensional kernel smoothing regression is used to estimate the regression
function of the NEE on the PAR and the temperature using the ecology data. The lines in
Figure 2(a) depict the estimated regression function of NEE on PAR, given three different
values of temperature. The nearly parallel pattern of the dashed lines suggests that it is
appropriate to consider a partially nonlinear model

$$
\text{NEE} = R(T) - \frac{\beta_1 \text{PAR}}{\text{PAR} + \beta_2} + \varepsilon,
$$

where $T$ is temperature.
Motivated by this example, we propose a new class of semiparametric models. Let \( Y \) be a response variable, \( \{x, U\} \) be its covariates, and assume that

\[
Y = \alpha(U) + g(x; \beta) + \varepsilon, \tag{1.3}
\]

where \( \alpha(\cdot) \) is an unknown smooth function, \( g(\cdot, \cdot) \) is a pre-specified function, \( \beta \) is an unknown parameter vector, and \( \varepsilon \) is a random error with mean zero and variance \( \sigma^2 \). Due to the curse of dimensionality, it is assumed throughout this paper that \( U \) is a univariate continuous random variable.

Model (1.3) retains the flexibility of nonparametric modeling for the baseline function and also retains the model interpretability of nonlinear parametric models. As special cases of model (1.3), partially linear models are popular in the literature of semiparametric regression modeling (Engle, et al., 1986, Heckman, 1986, Chen, 1988, Speckman, 1988, Ma, Chiou and Wang (2006) for iid data, and Fan and Li, 2004, Hu, Wang and Carroll, 2004 and Wang, Carroll and Lin, 2005 for longitudinal data), and they are systematically studied by Härdle, Liang and Gao (1999). As another type of special cases of model (1.3), nonlinear parametric regression models have been widely used in statistical literature. Many interesting examples and applications of such models are given in Bates and Watts (1988), Seber and Wild (1989), and Huet (2004). Furthermore, nonlinear modeling techniques have also been applied to econometric data analysis and time series data analysis (Gallant, 1987, and Fan and Yao, 2003).

In this paper, we first propose an estimation procedure for \( \beta \) by using a profile nonlinear least squares technique. The consistency and asymptotic normality of the resulting estimate are established. Since the profile nonlinear least squares approach requires an iteration procedure to search for the solution, the procedure could be computationally expensive. Therefore, we also propose an alternative estimation procedure, in which the nonlinear parametric function is approximated by a linear function. The linear approximation approach is computational less expensive, however shares the same asymptotic efficiency as the profile nonlinear least squares approach. We further propose an estimation procedure for the nonparametric baseline function \( \alpha(\cdot) \). The asymptotic properties of the estimation procedure are established. It is of scientific interest to test whether the \( R(T) \) in model (1.2) a constant. This leads us to consider testing whether the baseline function in (1.3) has some simple form (e.g, constant, or linear). To this end, we propose the generalized likelihood ratio type test (Fan, Zhang and Zhang, 2001) to the partially nonlinear model (1.3). We show that the proposed likelihood ratio test has a chi-square limiting distribution under the
null hypothesis.

The paper is organized as follow. In Section 2, we first propose two estimation procedures for $\beta$ by employing profile nonlinear least squares techniques and a linear approximation technique. We further develop statistical inference procedures for the baseline function $\alpha(\cdot)$. In Section 3, we conduct numerical studies to assess finite sample performance of the newly proposed procedures. A real data example is used to illustrate the proposed procedures. The regularity conditions and technical proofs are presented in the Appendix.

2 Inference Procedures

Suppose that $\{x_i, u_i, y_i\}, i = 1, \cdots, n$, is a random sample from the partially nonlinear model (1.3). In this section, we propose two estimation procedures for the parameter $\beta$ and two inference procedures for the baseline function $\alpha(\cdot)$.

2.1 Profile nonlinear least squares approach

For model (1.3), define a nonlinear least squares function

$$Q(\alpha, \beta) = \sum_{i=1}^{n} \{y_i - \alpha(u_i) - g(x_i; \beta)\}^2. \quad (2.1)$$

For a given $\beta$, let $y_i^* = y_i - g(x_i; \beta)$. Then, $\{y_1^*, \cdots, y_n^*\}$ can be viewed as a sample from the model

$$y^* = \alpha(u) + \varepsilon. \quad (2.2)$$

This is a 1-dimensional ordinary nonparametric regression model. Thus, $\alpha(\cdot)$ can be easily estimated using any linear smoother. Here, we will employ local linear regression (Fan and Gijbels, 1996). For any $u$ in a neighborhood of $u_0$, it follows by Taylor’s expansion that

$$\alpha(u) \approx \alpha(u_0) + \alpha'(u_0)(u - u_0) \approx a + b(u - u_0).$$

Let $K(\cdot)$ be a kernel function and $h$ be a bandwidth. The local linear regression approach finds local parameters $(a, b)$ to minimize

$$\sum_{i=1}^{n} \{y_i^* - a - b(u_i - u_0)\}^2 K_h(u_i - u_0),$$

where $K(x)$ is a kernel function and $h$ is a bandwidth.
where \( K_h(\cdot) = h^{-1}K(\cdot/h) \). Note that local linear regression results in a linear estimator for \( \alpha(\cdot) \) in terms of \( y_i^* \). Let \( \mathbf{y} = (y_1, \cdots, y_n)^T \), \( \mathbf{\alpha} = \{\alpha(u_1), \cdots, \alpha(u_n)\}^T \), and \( \mathbf{g}(\mathbf{\beta}) = \{g(x_1; \beta), \cdots, g(x_n; \beta)\}^T \). Thus, the local linear estimate for \( \mathbf{\alpha} \) is

\[
\hat{\mathbf{\alpha}} = \hat{\mathbf{\alpha}}(\cdot; \mathbf{\beta}) = S_h \{\mathbf{y} - \mathbf{g}(\mathbf{\beta})\},
\]

(2.3)

where \( S_h \) is an \( n \times n \) smoothing matrix depending only on \( u_1, \cdots, u_n \) and the bandwidth \( h \).

Substituting \( \hat{\mathbf{\alpha}} \) for \( \mathbf{\alpha} \) in (2.1) results in profile nonlinear least squares:

\[
Q(\mathbf{\beta}) = ||(I_n - S_h) \{\mathbf{y} - \mathbf{g}(\mathbf{\beta})\}||^2,
\]

(2.4)

where \( I_n \) is the \( n \times n \) identity matrix, and \( || \cdot || \) stands for the Euclidean norm. Minimizing \( Q(\mathbf{\beta}) \) yields a nonlinear profile least squares estimator \( \hat{\mathbf{\beta}} \). The idea of the nonlinear profile least squares approach stems from the generalized profile likelihood principle (Severini and Wong, 1992). Furthermore, substituting \( \hat{\mathbf{\beta}} \) for \( \mathbf{\beta} \) in (2.3) yields

\[
\hat{\mathbf{\alpha}} = \hat{\mathbf{\alpha}}(\cdot; \hat{\mathbf{\beta}}) = S_h \{\mathbf{y} - \mathbf{g}(\hat{\mathbf{\beta}})\}.
\]

(2.5)

Let \( g'(\mathbf{x}, \mathbf{\beta}) \) be \( \partial g(\mathbf{x}; \mathbf{\beta})/\partial \mathbf{\beta} \), and \( \mathbf{\beta}_0 \) the true value of \( \mathbf{\beta} \). Denote

\[
\mathbf{A} = E[g'(\mathbf{x}; \mathbf{\beta}_0) - E\{g'(\mathbf{x}; \mathbf{\beta}_0)|U\}] \otimes 2,
\]

where \( \mathbf{a} \otimes 2 = \mathbf{a}\mathbf{a}^T \).

**Theorem 1.** Suppose that the matrix \( \mathbf{A} \) is positive definite and finite. Under Conditions (A)—(F) given in the Appendix, we have:

(a) with probability tending to one, there exists a minimizer \( \hat{\mathbf{\beta}}_P \) of \( Q(\mathbf{\beta}) \) such that \( \hat{\mathbf{\beta}}_P \) is a consistent estimator for \( \mathbf{\beta} \);

(b)

\[
\sqrt{n}(\hat{\mathbf{\beta}}_P - \mathbf{\beta}_0) \overset{D}{\rightarrow} N(0, \sigma^2 \mathbf{A}^{-1}),
\]

where “\( \overset{D}{\rightarrow} \)” stands for convergence in distribution.

The asymptotic variance of \( \hat{\mathbf{\beta}} \), i.e. \( \sigma^2 \mathbf{A}^{-1} \), can be estimated by

\[
\hat{\sigma}^2_{\varepsilon,P} \left[ \sum_{i=1}^n \{g'(\mathbf{x}_i; \hat{\mathbf{\beta}}_P) - \bar{g}'(\mathbf{x}_i; \hat{\mathbf{\beta}}_P)\}^2 \right]^{-1},
\]

(2.6)

where \( \bar{g}'(\mathbf{x}_i; \hat{\mathbf{\beta}}_P) = n^{-1} \sum_{i=1}^n g'(\mathbf{x}_i; \hat{\mathbf{\beta}}_P) \) and \( \hat{\sigma}^2_{\varepsilon,P} \) is the residual mean squared error of the profile nonlinear estimator.
2.2 Linear approximation approach

Minimizing the profile nonlinear least squares (2.4) usually involves a heavy computation since it requires to iteratively estimate both of $\beta$ and $\alpha(\cdot)$. We now propose a less computationally intensive estimation procedure. This approach will need $\hat{\beta}_I$, a consistent estimate of $\beta$, as a starting point, while we will introduce an easy way to construct $\hat{\beta}_I$ at the end of Section 2.2. Applying Taylor expansion for $g(\cdot; \beta)$ at $\hat{\beta}_I$, we have

$$g(x; \beta) = g(x; \hat{\beta}_I) + g'(x; \hat{\beta}_I)^T(\beta - \hat{\beta}_I) + o_P(\|\beta - \hat{\beta}_I\|).$$

Thus, it follows that

$$y_i \approx \alpha(u_i) + g(x_i; \hat{\beta}_I) + g'(x_i; \hat{\beta}_I)^T(\beta - \hat{\beta}_I) + \varepsilon_i. \quad (2.7)$$

Let $z_i = y_i - g(x_i; \hat{\beta}_I) + g'(x_i; \hat{\beta}_I)^T\hat{\beta}_I$. We consider the following linear approximation model

$$z_i = \alpha(u_i) + g'(x_i; \hat{\beta}_I)^T\beta + \varepsilon. \quad (2.8)$$

Existing estimation procedures can be directly employed to estimate $\beta$ through the partial linear model (2.8). Here we use the profile least squares technique. For a given $\beta$, let $z_i^* = z_i - g'(x_i; \hat{\beta}_I)^T\beta$, then (2.8) leads to

$$z_i^* = \alpha(u_i) + \varepsilon.$$

The local linear regression can be used to estimate the baseline function $\alpha(U)$. Denote $z^* = (z_1^*, \ldots, z_n^*)^T$ and $\alpha = (\alpha(u_1), \ldots, \alpha(u_n))^T$. Since the local linear regression is a linear smoother, we have

$$\hat{\alpha} = S_h z^*.$$

Substituting $\hat{\alpha}$ for $\alpha$ in (2.8), then it follows that

$$(I - S_h)z = (I - S_h)g'(\hat{\beta}_I)\beta + \varepsilon,$$

where $z = (z_1, \ldots, z_n)^T$ and $g'(\hat{\beta}_I) = (g'(x_1; \hat{\beta}_I), \ldots, g'(x_n; \hat{\beta}_I))^T$. We therefore estimate $\beta$ through the ordinary least squares estimator,

$$\hat{\beta}_L = \{g'(\hat{\beta}_I)^T(I - S_h)(I - S_h)g'(\hat{\beta}_I)\}^{-1}g'(\hat{\beta}_I)^T(I - S_h)(I - S_h)z.$$

**Theorem 2.** Suppose that the matrix $A$ is positive definite and finite. Under Conditions (A)–(H) given in the Appendix and $\|\hat{\beta}_I - \beta_0\| = O_P(n^{-1/2})$,

$$\sqrt{n}(\hat{\beta}_L - \beta_0) \xrightarrow{D} N(0, \sigma^2 A^{-1})$$

as $n \to \infty$. 

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From Theorems 1 and 2, $\hat{\beta}_P$ and $\hat{\beta}_L$ share the same asymptotic distribution. Similar to (2.6), $\text{Var}\{\hat{\beta}_L\}$ can be estimated by

$$\hat{\sigma}^2_{\varepsilon, L} \left[ \sum_{i=1}^{n} \left\{ g'(x_i; \hat{\beta}_L) - \bar{g}'(x_i; \hat{\beta}_L) \right\} \right]^{-1},$$

(2.9)

where $\bar{g}'(x_i; \hat{\beta}_L) = \frac{1}{n-1} \sum_{i=1}^{n} g'(x_i; \hat{\beta}_L)$ and $\hat{\sigma}^2_{\varepsilon, L}$ is the corresponding residual mean squared errors.

In practical implementation, one needs to obtain $\hat{\beta}_I$ first. Reorder the data from the least to largest according to the value of the variable $\{u_i\}$. Denote $(x_i(u), u_i, y_i), i = 1, \ldots, n$, to be the ordered sample. Similar to Yatchew (1997), we obtain the following approximated model,

$$y(i+1) - y(i) \approx g(x(i+1); \beta) - g(x(i); \beta) + e_i,$$

(2.10)

the nonlinear least squares estimate will be used as an initial starting point of $\beta$.

$$\hat{\beta}_I = \arg\min_{\beta} \sum_{i=1}^{n-1} \left\{ y(i+1) - y(i) - g(x(i+1); \beta) + g(x(i); \beta) \right\}^2.$$ 

Under some conditions, $\hat{\beta}_I$ is root $n$ consistent (Li and Nie, 2007).

### 2.3 Inference procedures for the baseline function

For a given root $n$ consistent estimate $\hat{\beta}$ of $\beta$, we estimate $\alpha(\cdot)$ by smoothing the partial residuals $\{r_i = y_i - g(x_i; \hat{\beta}), i = 1, \ldots, n\}$ over $u_i$. Here $\hat{\beta}$ can be either $\hat{\beta}_P$ or $\hat{\beta}_L$. We will utilize local linear regression (Fan and Gijbels, 1996) to estimate $\alpha(u)$. For any $u$ in a neighborhood of $u_0$, it follows by Taylor’s expansion that

$$\alpha(u) \approx \alpha(u_0) + \alpha'(u_0)(u - u_0) \equiv a + b(u - u_0).$$

Let $K(\cdot)$ be a kernel function and $h$ be a bandwidth. Local linear regression method finds local parameters $(a, b)$ to minimize

$$\sum_{i=1}^{n} \left\{ r_i - a - b(u_i - u_0) \right\}^2 K_h(u_i - u_0),$$

(2.11)

where $K_h(\cdot) = h^{-1}K(\cdot/h)$. This results in a nonparametric fit $\hat{\alpha}(\cdot; \hat{\beta})$. Denote by $(\hat{a}, \hat{b})$ the minimizer of (2.11). Then

$$\hat{\alpha}(u_0; \hat{\beta}) = \hat{a} \quad \text{and} \quad \hat{\alpha}'(u_0; \hat{\beta}) = \hat{b}.$$
The asymptotic bias and variance of $\hat{\alpha}(u_0; \hat{\beta})$ are given in the following theorem. They are the same as that with $\beta$ known. This is because when $\hat{\beta}$ is root $n$ consistent, the convergence rate of $\hat{\beta}$ is faster than that of the nonparametric estimator. Consequently the errors in estimation of $\beta$ are negligible in the nonparametric estimation of $\alpha$.

**Theorem 3.** Suppose that $\|\hat{\beta} - \beta_0\| = O_P(n^{-1/2})$. Under Conditions (A)—(C) given in the Appendix, if $h \to 0$ and $nh \to \infty$, then for any $u_0 \in \Omega$, the support of $U$, we have

$$\sqrt{nh} \left\{ \hat{\alpha}(u_0; \hat{\beta}) - \alpha(u_0) - \frac{1}{2} \alpha''(u_0) \int t^2 K(t) dt h^2 \right\} \xrightarrow{D} N(0, \sigma^2(u_0)),$$

where

$$\sigma^2(u_0) = \sigma^2 \left\{ f(u_0) \right\}^{-1} \int K(u)^2 du,$$

and $f(\cdot)$ is the marginal density of $U$.

The bias and variance expressions are the same as those in Fan (1993). Thus, the theoretic optimal bandwidth will remain the same as that for 1-dimensional nonparametric model (2.8) regarding $\beta$ is known. The proof of Theorem 3 is similar to what is described in Fan (1993), we therefore omit the details. In practice, the bandwidth can be selected by existing data-driven methods. Specifically, let $y_i^* = y_i - g(x_i, \hat{\beta}_1)$, and then apply an existing bandwidth selection procedure such as the plug-in bandwidth selector (Ruppert, Sheather and Wand, 1995), for $(u_i, y_i^*), i = 1, \ldots, n$ to select a bandwidth $h$. This approach which will be implemented in Section 3.2.

In practice, a natural question that may arise is whether $\alpha(\cdot)$ has a pre-specified parametric form. This leads us to consider the following hypothesis testing problem:

$$H_0 : \alpha(\cdot) = \alpha_0, \text{ versus } H_1 : \alpha(\cdot) \neq \alpha_0,$$

where $\alpha(\cdot, \theta)$ is a pre-specified parametric function and $\theta$ is a vector of unknown parameters. For example, if we are interested in testing whether $\alpha(\cdot)$ really depends on $U$ variable, then we may consider the null hypothesis that $\alpha(\cdot) = \alpha_0$, where $\theta = \alpha_0$ is an unknown constant. This kind of hypothesis testing is referred to as nonparametric goodness of fit test. Fan, Zhang and Zhang (2001) proposed a generalized likelihood ratio (GLR) test to deal with this issue for nonparametric regression models. In this section, we propose a GLR test for the partially nonlinear model. For simplicity of presentation, we consider only a test of linearity for $\alpha(\cdot)$:

$$H_0 : \alpha(u) = \alpha_0 + \alpha_1 u, \text{ versus } H_1 : \alpha(u) \neq \alpha_0 + \alpha_1 u, \quad (2.12)$$
where \( \alpha_0 \) and \( \alpha_1 \) are unknown constants. Note that the parameter space under the null hypothesis is finite dimensional, while it is infinite dimensional under the alternative hypothesis. Thus, many traditional tests, such as the likelihood ratio test, cannot be directly applied for the above hypothesis. Here we propose a GLR test to deal with this issue. To gain more insights into the construction of generalized likelihood ratio tests, assume, tentatively, that the random error \( \varepsilon \sim N(0, \sigma^2) \). Then the likelihood function of the data \( \{u_i, x_i, y_i\}, i = 1, \ldots, n \), is proportional to

\[
(\sigma^2)^{-n/2} \exp \left\{-\frac{1}{2\sigma^2} \sum_{i=1}^{n} [y_i - \alpha(u_i) - g(x_i; \beta)]^2 \right\}.
\]

Let \( \hat{\beta} \) be either \( \hat{\beta}_P \) or \( \hat{\beta}_L \), a root \( n \) consistent estimate of \( \beta \) under \( H_1 \), \( (\hat{\alpha}_0, \hat{\alpha}_1)^T \) be an estimate of \( (\alpha_0, \alpha_1)^T \) under \( H_0 \) and \( \hat{\alpha}(\cdot) \) be an estimate of \( \alpha(\cdot) \) under \( H_1 \). Denote \( \text{RSS}(H_0) \) and \( \text{RSS}(H_1) \) the residual sum of squares under \( H_0 \) and \( H_1 \), respectively. That is, \( \text{RSS}(H_0) = \sum_{i=1}^{n} (y_i - \hat{\alpha}_0 - \hat{\alpha}_1 u_i - g(x_i; \hat{\beta}))^2 \), and \( \text{RSS}(H_1) = \sum_{i=1}^{n} (y_i - \hat{\alpha}(u_i) - g(x_i; \hat{\beta}))^2 \). A GLRT statistic is defined as

\[
\text{GLRT} = (n/2) \log \{\text{RSS}(H_0)/\text{RSS}(H_1)\}. \tag{2.13}
\]

Under \( H_0 \), \( \text{RSS}(H_0) \approx \text{RSS}(H_1) \), and the GLR test statistic is asymptotically equivalent to

\[
\text{GLRT}_0 = (n/2) \{\text{RSS}(H_0) - \text{RSS}(H_1)\} / \text{RSS}(H_1). \tag{2.14}
\]

Intuitively, under \( H_0 \), there will be little difference between \( \text{RSS}(H_0) \) and \( \text{RSS}(H_1) \). However, under the alternative hypothesis, \( \text{RSS}(H_0) \) should become systematically larger than \( \text{RSS}(H_1) \), and hence the test statistic \( \text{GLRT}_0 \) will tend to take a large positive value. Hence, a large value of the test statistic \( \text{GLRT}_0 \) indicates that the null hypothesis should be rejected. Both test statistics in (2.13) and (2.14) are monotone functions of \( \text{RSS}(H_0) / \text{RSS}(H_1) \). Therefore, they have the same power. However, \( \text{GLRT}_0 \) does not rely on normality assumption on the random error \( \varepsilon \). Furthermore, the asymptotic null distribution of \( \text{GLRT}_0 \) is a chi-square distribution in the following theorem.

**Theorem 4.** Suppose that \( E|\varepsilon|^4 < \infty \) and Conditions (A)–(C) in the Appendix hold. If \( h \to 0 \) in such a way that \( nh^{3/2} \to \infty \), then, under \( H_0 \) in (2.12), the GLR test statistic, defined by \( r_K \text{GLRT}_0 \), has an asymptotic \( \chi^2 \) distribution with \( \delta_n \) degrees of freedom, where \( \delta_n = r_K |\Omega| \{K(0) - 0.5 \int K^2(u) \, du\} / h \), and \( |\Omega| \) stands for the length of the support of \( U \), and \( r_K = \{K(0) - 0.5 \int K^2(t) \, dt\} / \int \{K(t) - 0.5 K * K(t)\}^2 \, dt \). Here \( K * K \) stands for the convolution of \( K \) and \( K \). The value of \( r_K \) for some commonly used kernel functions are listed below.
The above theorem extends the generalized likelihood ratio theory (Fan, Zhang and Zhang, 2001) to model (1.3), and unveils a new Wilks phenomenon for partially nonlinear models: the asymptotic null distribution is a chi-square distribution and does not depend on the unknown parameters \((\alpha_0, \beta_0)\). We will also provide empirical justification to the null distribution. Similar to Cai, Fan and Li (2000), the null distribution of GLR test can be estimated by Monte Carlo simulation or a bootstrap procedure. This usually provides a better estimate than the asymptotic null distribution, since the degrees of freedom tend to infinity and the results in the above theorem give only the main order of the degrees of freedom.

Remark: Note that for a \(\chi^2\) random variable with degrees of freedom \(r\), \(\text{Var}\{\chi^2(r)\} = 2E\{\chi^2(r)\}\). Thus, \(r_K = 2E(\text{GLRT}_0)/\text{Var}(\text{GLRT}_0)\). Using this relationship, we can derive a better approximation to the normalizing constant \(r_K\) using the bootstrap samples of \(\text{GLRT}_0\). Specifically, let \(\text{mean}(\text{GLRT}_0^*)\) and \(\text{var}(\text{GLRT}_0^*)\) be the sample mean and the sample variance of bootstrap samples \(\{\text{GLRT}_0^*; i = 1, \cdots, N\}\) of \(\text{GLRT}_0\), respectively. Then \(r_K\) can be replaced by \(c_K = 2\text{mean}(\text{GLRT}_0^*)/\text{var}(\text{GLRT}_0^*)\). This will be implemented in Section 3.

### 3 Numerical study and Application

In this section, we assess the finite sample performance by Monte Carlo simulations. We further illustrate the proposed methodologies through an application to the real data example introduced in Section 1. All simulations were conducted in SAS. In our simulation, the kernel function is taken to be the Epanechnikov kernel \(K(u) = 0.75(1-u^2)\_+\).

#### 3.1 Monte Carlo simulations

We generate random samples from the following model

\[ Y = \alpha(U) + g(x; \beta) + \varepsilon, \]

where \(\varepsilon \sim N(0, 1)\) and \(U \sim U(0, 1)\), the uniform distribution over \([0,1]\). In our simulation, we consider the following two baseline functions:

\[ \alpha_1(U) = \sin(2\pi U), \quad \text{and} \quad \alpha_2(U) = \exp(U), \]
and two nonlinear functions $g(\cdot; \cdot)$:

$$g_1(x; \beta_1, \beta_2) = -\beta_1 x/(x + \beta_2)$$

with $\beta_1 = 18$ and $\beta_2 = 0.8$, which were chosen to be the estimates for the real data example in Section 3.2, and $x \sim N(0, 1)$; and

$$g_2(x_1, x_2; \beta_1, \beta_2) = 20 \exp(\beta_1 x_1 + \beta_2 x_2)/(1 + \exp(\beta_1 x_1 + \beta_2 x_2))$$

with $\beta_1 = \beta_2 = 1$, The covariate vector $(x_1, x_2)^T$ was simulated from a normal distribution with mean zero and $\text{cov}(x_i, x_j) = 0.5|^{i-j}|$. The sample size $n$ was set to 200 or 400. For each case, we conduct 1,000 Monte Carlo simulations.

**Performance of $\hat{\beta}$.** Simulation results for $\hat{\beta}$ are summarized in Table 1, in which “mean” stands for the average of the 1000 estimates of $\beta$’s, and “SD” is the standard deviation of the 1000 estimates of $\beta$’s and can be regarded as the true standard error of $\beta$’s. “SE” and “Std(SE)” are the average and the standard deviation of the 1000 estimated standard errors using (2.6) and (2.9). From Table 1, we can see the performance of the two estimation
Table 2: Finite Sample Performance of $\hat{\beta}_P$ and $\hat{\beta}_L$ with $h = 0.05$

<table>
<thead>
<tr>
<th>$(n, \alpha)$</th>
<th>Profile Nonlinear LS</th>
<th>Linear Approximation</th>
</tr>
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<tbody>
<tr>
<td>$\beta_1 = 1$</td>
<td></td>
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<tr>
<td>(200, $\alpha_1$)</td>
<td>1.001 0.031 0.029(0.002)</td>
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<tr>
<td>(400, $\alpha_1$)</td>
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<td>1.000 0.021 0.021 (0.001)</td>
</tr>
</tbody>
</table>

procedures for $\beta$ are almost the same, and both perform well. Comparing with the standard deviation of SE’s, the difference between SD and its corresponding SE is small. This indicates that the proposed formulae (2.6) and (2.9) work very well. Results in Table 1 correspond to the bandwidth $h = 0.1$, which equals approximately the optimal bandwidth selected by the plug-in method of Ruppert, Sheather and Wand (1995). To study the effects of choice of bandwidth, we consider a smaller bandwidth $h = 0.05$. Simulation results for $\beta_1$ in $g = g_2$ are summarized in Table 2. Results for other cases are similar and omitted here. From Tables 1 and 2, we can see that the proposed procedures work well for a large range of bandwidth.

**Performance of $\hat{\alpha}(\cdot)$.** The performance of $\hat{\alpha}(\cdot)$ is assessed by the square root of average squared errors (RASE),

$$\text{RASE}^2 = n^{-1}_{\text{grid}} \sum_{k=1}^{n_{\text{grid}}} \{\hat{\alpha}(u_k) - \alpha(u_k)\}^2,$$

where $\{u_k, k = 1, \ldots, n_{\text{grid}}\}$ are the grid points at which $\hat{\alpha}(\cdot)$ is evaluated. In our simulation, the bandwidth was set to 0.1 or 0.2. The sample averages of the RASEs based on 1000 replicates are listed in Table 3, which reports only the case with $g(x; \beta) = -\beta_1 x/(x + \beta_2)$. Results for the other case is similar, and are omitted here to save space.

**Performance of the generalized likelihood ratio test.** We first verify empirically that the GLR test statistic defined in Section 2 has a chi-square distribution under the null hypothesis. To this end, we take $H_0 : \alpha(u) = a_0 + a_1 u$. where $(a_0, a_1) = \arg\min_{c_0, c_1} E\|\alpha(u) - c_0 - c_1 u\|^2$. Such choice of $(a_0, a_1)$ will pose the challenge to the GLR test in the power calculation below. Then we find the null distribution based on 1,000 bootstrap simulations. We present only results for $\alpha(u) = \alpha_1(u)$. Results for $\alpha_2(u)$ are similar. Figure 1 (a) and (c) depict the estimated density of the null distribution of the GLR test statistic $c_K \text{GLRT}_0$ for $g = g_1$ and $g_2$, respectively. We also plot the density of the chi-square distribution in order
Table 3: Mean of RASEs for Baseline Function

<table>
<thead>
<tr>
<th>$(n, g)$</th>
<th>Profile Nonlinear LS</th>
<th>Linear Approximation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$h = 0.1$</td>
<td>$h = 0.2$</td>
</tr>
<tr>
<td>$(200, g_1)$</td>
<td>0.123</td>
<td>0.117</td>
</tr>
<tr>
<td>$(400, g_1)$</td>
<td>0.056</td>
<td>0.058</td>
</tr>
<tr>
<td>$(200, g_2)$</td>
<td>0.039</td>
<td>0.032</td>
</tr>
<tr>
<td>$(400, g_2)$</td>
<td>0.0120</td>
<td>0.021</td>
</tr>
</tbody>
</table>

to examine whether the null distribution is close to a chi-square distribution. The degree of freedom is chosen to be the closest integer to the sample average of $c_K \text{GLRT}_0$ values from the 1,000 bootstrap samples. It is clear from Figure 1 (a) and (c) that the Wilks type results hold, i.e., the chi-squared distribution is a good approximation for the asymptotic behavior of $c_K \text{GLRT}_0$ under $H_0$.

To examine the power of the proposed nonparametric goodness of fit test, we evaluate the power of the GLR test for the alternative model

$$
\alpha(u) = (1 - c)(a_0 + a_1 u) + ca(u),
$$

for each given $c$, where $\alpha(u)$ equals either $\alpha_1(\cdot)$ or $\alpha_2(\cdot)$. We took $c = 0.2, 0.4, 0.6$. Results for $\alpha_2(\cdot)$ are similar to those of $\alpha_1(\cdot)$. We present only results for $\alpha_1(\cdot)$.

Figure 1 (b) and (d) depicts the three power functions based on 400 Monte Carlo simulations for the sample size, $n = 200$, at three different significance levels: 0.10, 0.05 and 0.01. The powers at $c = 0$ for the foregoing three significance levels are: 0.095, 0.043 and 0.018 for Figure 1 (b) and 0.090, 0.048 and 0.018 for Figure 1 (d), respectively. This shows that the bootstrap method gives us an approximately right sized test.

### 3.2 An Application

In this section, we illustrate the proposed methodologies by an analysis of a real data set in ecology. Of interest in this example is to study how temperature affects the relationship between the net ecosystem-atmosphere exchange of CO$_2$ (NEE) and the photosynthetically active radiation (PAR). This data set consists of 1997 observations of NEE, PAR and temperature (T), and was collected over a subalpine forest at approximately 3050 meter elevations above sea level by using three-dimensional sonic anemometers on hundreds of meter towers during parts of the growth season of 1999.
Figure 1: Plot of Null Distribution of the Generalized Likelihood Ratio Test and its Power Function. (a) and (c) are the density of the generalized likelihood ratio test under the null hypothesis. The solid line is the estimated density curve using kernel density estimation and dash-dotted line is the density curve of a $\chi^2$-distribution with degrees of freedom 15 and 21 for (a) and (c) respectively. (b) and (d) are power functions at level $\alpha=0.01, 0.05$ and 0.10 from bottom to top, respectively.

We take the NEE as the response variable, and PAR and T as covariates. We first consider a fully nonparametric regression model:

$$\text{NEE} = m(\text{PAR}, T) + \varepsilon,$$

where $m(\cdot, \cdot)$ is an unspecified smoothing function, and $\varepsilon$ is random error with mean 0 and variance $\sigma^2$. Two dimensional kernel regression was used to estimate the regression $m(\cdot, \cdot)$. To examine how temperature affects the parameters in Model (1.3), we plot $\hat{m}(\text{PAR}, T)$ versus PAR for given values of T. The three lines in Figure 2 (a) depict the plot of $\hat{m}(\text{PAR}, T)$ over PAR for $T = 10.76, 13.29$ and $15.41$, which correspond to the three sample quartiles of temperatures. From Figure 2 (a), we can see the nonlinear relationship between PAR and NEE when temperature is fixed. The nearly parallel pattern of the three lines suggests that the parameters $\beta_1$ and $\beta_2$ do not vary over temperature, while different intercepts for the three
lines show the dark respiration rate $R$ changes over temperature. The monotone decreasing pattern of the lines implies that Model (1.3) may be appropriate when temperature is fixed.

From the above analysis, we consider a partially nonlinear model

$$\text{NEE} = \frac{R(T) - \beta_1 \text{PAR}}{\text{PAR} + \beta_2} + \varepsilon.$$  \hspace{1cm} (3.1)

The proposed estimation procedure for $\beta$ is used to fit the data set using Model (3.1). We first compute the difference based estimate $\hat{\beta}_I$, and then use the plug-in method of Ruppert, Sheater and Wand (1995) to select a bandwidth. The resulting optimal bandwidth is $h = 1.286$. The resulting estimates using this bandwidth are given in Table 4 along with their standard errors.

As proposed in Section 2.2, we estimate the baseline function based on the partial resid-

Figure 2: Plots for Example in Section 3.2. The dashed lines in (a) are the fitted value of NEE versus PAR given temperature using 2-d kernel regression. From the bottom to top, the temperatures are 10.76, 13.29 and 15.41, which correspond to the three sample quartiles of temperatures. In (b), the solid line is an estimate of the baseline function, and the dots are partial residuals: $y_i - \hat{\beta}_1 x_i / (x_i + \hat{\beta}_2)$. In (c), the solid line is an estimate to the density of the GLRT under $H_0$, and dotted line is the density of a chi-square distribution with d.f. 18.
uals, which are depicted in Figure 2(b), from which we can see that the partial residuals have an increasing trend over temperature. Figure 2(b) also depicts the estimated baseline function using local linear regression.

<table>
<thead>
<tr>
<th>Profile Nonlinear LS</th>
<th>Linear Approximation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\hat{\beta}_1$ (SE($\hat{\beta}_1$))</td>
<td>$\hat{\beta}_2$ (SE($\hat{\beta}_2$))</td>
</tr>
<tr>
<td>17.656 (0.400)</td>
<td>0.81 (0.072)</td>
</tr>
</tbody>
</table>

From Figure 2(b), the overall increasing trend might suggest a simple linear model for $R(T)$: $R(T) = a + b \times T$. Thus, it is of interest to test $H_0 : R(T) = a + b \times T$. Using nonlinear least squares approach, we obtain the resulting estimate for parameters in model (3.1) under the $H_0$ given by $R(T) = -2.7933 + 0.5535 \times T$, $\hat{\beta}_1 = 17.5564$ and $\hat{\beta}_2 = 0.7979$. The estimate of $\beta_1$ and $\beta_2$ is very close to the ones obtained under $H_1$ and listed in Table 4. This implies that the model under $H_0$ fits the data almost as well as the one under $H_1$, and indicates that test of linearity for this data set is challenging. We next compute the generalized likelihood ratio test GLRT$_0$ which equals 34.46 with P-value $< 0.001$ obtained by using 1000 bootstraps. The null distribution is depicted in Figure 2(c). Thus, the dark respiration rate is not linear in temperature. This example also demonstrate that the GLRT has good power.

**Appendix**

**Regularity Conditions**

(A) The random variable $U$ has a bounded support $\mathcal{U}$. Its density function $f(u)$ is Lipschitz continuous and bounded from 0 on its support.

(B) The true unknown smoothing function $\alpha_0(u)$ has a continuous second derivative.

(C) $K(u)$ is a positive, bounded, and symmetric function with compact support. Furthermore, $K(u)$ satisfies the Lipschitz condition. The functions $u^3K(u)$ and $u^3K'(u)$ are bounded and $\int u^4K(u)\,du < \infty$.

(D) $nh^8 \to 0$ and $nh^2/(\ln(h))^2 \to \infty$. 

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Lemma 1. Let $c$, where

$$\|h\| < 1$$

and $\text{Vech}\{g''(x, \beta)\}$ is the $d \times (d + 1)/2$-vector of all second derivatives of $g(x, \beta)$ with respect to $\beta$. $E\{g'(x, \beta)\} \otimes 2$, $E[E\{g'(x, \beta)\}] \otimes 2$, and $E(E[\text{Vech}\{g''(x, \beta)\}] \otimes 2)$ are bounded in a neighborhood of $\beta_0$.

Lemma 2. Let $g'(\beta) = (g'(x_1, \beta), \cdots, g'(x_n, \beta))^T$. Under conditions (A)-(G),

\[ \frac{1}{n}g'(\beta)^T(I_n - S_h)^T(I_n - S_h)g'(\beta) = A\{1 + o_p(1)\}, \]

\[ \frac{1}{n}g'(\beta)^T(I_n - S_h)^T(I_n - S_h)\{y - g(\beta)\} = \xi_n + O_p(c_n^2), \]

where $c_n = \left\{\frac{-\ln(h)}{np}\right\}^{1/2} + h^2$, $\xi_n = n^{-1}\sum_{i=1}^n [g'(x_i; \beta_0) - E\{g'(x; \beta_0)\} | U = u_i] \varepsilon_i$.

Proof. Let

\[ D_u = \begin{pmatrix} 1 & \frac{u_1 - u}{n} \\ \vdots & \vdots \\ 1 & \frac{u_n - u}{n} \end{pmatrix}_{n \times 2}, \]

(E) For any $x$, $g(x, \beta)$ is a continuous function of $\beta$ and the second derivatives of $g(x, \beta)$ with respect to $\beta$ are continuous, $\beta \in B$, where $B$ is a compact set.

(F) Let $d$ be the dimension of $\beta$, and

\[ g'(x_i, \beta) = [\partial g(x_i, \beta)/\partial \beta]_{d \times 1}, \quad g''(x_i, \beta) = [\partial^2 g(x_i, \beta)/\partial \beta \partial \beta^T]_{d \times d}, \]

and $\text{Vech}\{g''(x, \beta)\}$ is the $d \times (d + 1)/2$-vector of all second derivatives of $g(x, \beta)$ with respect to $\beta$. $E\{g'(x, \beta)\} \otimes 2$, $E[E\{g'(x, \beta)\}] \otimes 2$, and $E(E[\text{Vech}\{g''(x, \beta)\}] \otimes 2)$ are bounded in a neighborhood of $\beta_0$.

(G) $E\{\|g'(x, \beta)\|^4\} < \infty$, $E[\|\text{Vech}\{g''(x, \beta)\}\|^4] < \infty$.

(H) $\|\text{Vech}\{g''(x, \beta)\}\| \leq B(x)$ for all $\beta$ in a neighborhood of $\beta_0$ and $E\{\|B(x)\|^4\} < \infty$.

We now state Proposition 4 in Marc and Silverman (1982) as a lemma.
and \( W_\mu = \text{diag}\{K_h(u_1 - u), \ldots, K_h(u_n - u)\} \). By definition

\[
S_h = \begin{pmatrix}
(1, 0)(D_{u_1}^T W_{u_1} D_{u_1})^{-1} D_{u_1}^T W_{u_1} & \cdots & \cdots \\
\cdots & \ddots & \cdots \\
\cdots & \cdots & \cdots \\
(1, 0)(D_{u_n}^T W_{u_n} D_{u_n})^{-1} D_{u_n}^T W_{u_n} & \cdots & \cdots \\
\end{pmatrix}_{n \times n}.
\]  

(A.5)

Using Lemma 1, and under conditions (A), (D), (E) and (G), we can show

\[
(1, 0)(D_{u}^T W_{u} D_{u})^{-1} D_{u}^T W_{u} g'(\beta) = E\{g'(x, \beta)|U = u\}\{1 + O_p(c_n)\},
\]  

(A.6)

holds uniformly in \( u \in U \). This implies, under condition (E) and (F) and by the weak law of large number,

\[
\frac{1}{n} g'(\beta)^T (I_n - S_h)^T (I_n - S_h) g'(\beta) = E[g'(x, \beta) - E\{g'(x, \beta)|U\}]^2 \{1 + o_P(1) + O_P(c_n)\},
\]  

(A.7)

which leads to (A.2) as \( c_n \to 0 \) under condition (D). We next show (A.3). Recall \( \alpha_0 = (\alpha_0(u_1), \ldots, \alpha_0(u_n))^T \), where \( \alpha_0(u) \) is the true unknown smoothing function.

\[
\frac{1}{n} g'(\beta_0)^T (I_n - S_h)^T (I_n - S_h)\{y - g(\beta_0)\} = \frac{1}{n} g'(\beta_0)^T (I_n - S_h)^T (I_n - S_h)(\epsilon + \alpha_0),
\]

where \( \epsilon = (\epsilon_1, \ldots, \epsilon_n)^T \). Similar to (A.6),

\[
(1, 0)(D_{u}^T W_{u} D_{u})^{-1} D_{u}^T W_{u} \alpha_0 = \alpha_0(u)\{1 + O_p(c_n)\}
\]

holds uniformly in \( u \in U \). This together with (A.6) implies that

\[
\frac{1}{n} g'(\beta_0)^T (I_h - S_h)^T (I_h - S_h) \alpha_0 = O_p(c_n^2 + c_n / \sqrt{n}) = O_P(c_n^2),
\]  

(A.8)

holds uniformly in \( u \in U \) as \( \sqrt{n}c_n \to \infty \). Similarly,

\[
(1, 0)(D_{u}^T W_{u} D_{u})^{-1} D_{u}^T W_{u} \epsilon = O_p(c_n)
\]

holds uniformly in \( u \in U \) since \( E(\epsilon|U) = 0 \). Thus, under condition (A), (B), (D), (E), and (G), it follows by the same argument that

\[
\frac{1}{n} g'(\beta_0)^T (I_n - S_h)^T (I_n - S_h)\epsilon = \xi_n + O_P(c_n^2)
\]  

(A.9)

holds uniformly in \( u \in U \). Thus, (A.3) follows by (A.8) and (A.9). \( \square \)
A.1 Proof of Theorem 1

We first show the consistency of $\hat{\beta}_P$. It suffices to show that for any sufficiently small $a$

$$\lim_{n \to \infty} P \left[ \sup_{\|t\| = a} Q(\beta_0 + t) > Q(\beta_0) \right] = 1. \tag{A.10}$$

Using the Taylor expansion,

$$Q(\beta_0 + t) - Q(\beta_0) = Q'(\beta_0)^T t + \frac{1}{2} t^T Q''(\beta^*) t$$

where $\beta^* = \lambda \beta_0 + (1 - \lambda)(\beta_0 + t)$ for a certain $\lambda \in [0, 1]$. Using (A.3)

$$n^{-1} Q'(\beta_0) = -2n^{-1} g'(\beta_0)^T (I_n - S_h)^T (I_n - S_h) \{ y - g(\beta_0) \} = -2\xi_n + O_P(c_n^2). \tag{A.11}$$

Thus, $Q'(\beta_0)^T t$ is of the order $O_P(\sqrt{n}1 + \sqrt{nc_n^2}\|t\|) = O_P(\sqrt{n}\|t\|)$ as $\sqrt{nc_n^2} \to 0$ by Condition (D).

$$t^T Q''(\beta) t = 2t^T g'(\beta)^T (I_n - S_h)^T (I_n - S_h) g'(\beta) t + G^T(\beta)(I_n - S_h)^T (I_n - S_h)(\epsilon + \alpha_0 + d),$$

where $d = g(\beta) - g(\beta_0)$, $G(\beta) = (G_1(\beta), \cdots, G_n(\beta))^T$, and $G_i(\beta) = t^T g''(x_i, \beta)t$. Thus, using (A.2), it can be shown that

$$t^T Q''(\beta^*) t = 2n \{ t^T A t + O_p(\|t\|^3) \} \tag{A.12}$$

Since $A$ is finite and positive definite, $t^T Q''(\beta^*) t$ dominates $Q'(\beta_0)^T t$ for sufficiently large $n$ and sufficiently small $a$. Hence (A.10) holds.

Now we show the asymptotic normality of $\hat{\beta}$. Let $Q_j'(\beta)$ denote the $j$-th component of $Q'(\beta)$, and $Q_j''(\beta)$ be the $j$-row of $Q''(\beta)$. Using Taylor’s expansion, for $j = 1, \cdots, d$,

$$0 = Q_j'(\hat{\beta}) = Q_j'(\beta_0) + Q_j''(\beta^*)(\hat{\beta} - \beta_0), \tag{A.13}$$

where $\beta^*_j$ lies between $\hat{\beta}$ and $\beta_0$. Using (A.12), under conditions (A)-(H),

$$\frac{1}{2n} Q''(\beta^*_j) = A_j\{1 + o_p(1)\},$$

in probability, where $A_j$ is the $j$-row of $A$. Using (A.11), we have

$$\sqrt{n} A \{ 1 + o_p(1) \} (\hat{\beta} - \beta_0) = \sqrt{n} \xi_n \{ 1 + O_p(c_n^2) \} = \sqrt{n} \xi_n + O_P(1).$$

as $\sqrt{nc_n^2} \to 0$ by Condition (D). Note that,

$$\xi_n = n^{-1} \sum_{i=1}^{n} [g'(x_i; \beta_0) - E\{g'(x; \beta_0)|U = u_i\}] \varepsilon_i.$$

Using the Slutsky theorem and the central limit theorem, it follows that

$$\sqrt{n}(\hat{\beta} - \beta_0) \xrightarrow{D} N(0, \sigma^2 A^{-1}).$$
A.2 Proof of Theorem 2

Let \( g(\beta) = (g(x_1, \beta), \ldots, g(x_n, \beta))^T \). Note that

\[
\hat{\beta}_L - \beta_0 = \{g'(\hat{\beta}_1)^T(I_n - S_h)^T(I_n - S_h)g'(\hat{\beta}_1)\}^{-1}g'(\hat{\beta}_1)^T(I_n - S_h)^T(I_n - S_h)\{z - g'(\hat{\beta}_1)\beta_0\},
\]

where \( z = (z_1, \ldots, z_n)^T \) (defined in Section 2.2) and \( g'(\hat{\beta}_1) = (g'(x_1; \hat{\beta}_1), \ldots, g'(x_n; \hat{\beta}_1))^T \).

We first show

\[
\frac{1}{n}g'(\hat{\beta}_1)^T(I_n - S_h)^T(I_n - S_h)g'(\hat{\beta}_1) = A\{1 + o_p(1)\}. \tag{A.14}
\]

Note that

\[
\frac{1}{n}g'(\hat{\beta}_1)^T(I_n - S_h)^T(I_n - S_h)g'(\hat{\beta}_1) = \frac{1}{n}g'(\beta_0)^T(I_n - S_h)^T(I_n - S_h)g'(\beta_0) + \frac{2}{n}\{g'(\beta_0) - g'(\hat{\beta}_1)\}^T(I_n - S_h)^T(I_n - S_h)g'(\beta_0) + \frac{1}{n}\{g'(\beta_0) - g'(\hat{\beta}_1)\}^T(I_n - S_h)^T(I_n - S_h)\{g'(\beta_0) - g'(\hat{\beta}_1)\}.
\]

Under condition (A)-(H) and similar to the proof of Lemma 2, we can show that

\[
\{g'(\beta_0) - g'(\hat{\beta}_1)\}^T(I_n - S_h)^T(I_n - S_h)g'(\beta_0) = O_p(n\|\hat{\beta}_1 - \beta_0\|)
\]

\[
\{g'(\beta_0) - g'(\hat{\beta}_1)\}^T(I_n - S_h)^T(I_n - S_h)\{g'(\beta_0) - g'(\hat{\beta}_1)\} = O_p(n\|\hat{\beta}_1 - \beta_0\|^2).
\]

Thus, (A.14) follows by (A.2) as \( \|\hat{\beta}_1 - \beta_0\| = O_p(1/\sqrt{n}) \).

We next show that

\[
\frac{1}{\sqrt{n}}g'(\hat{\beta}_1)^T(I_n - S_h)^T(I_n - S_h)(z - g'(\hat{\beta}_1)\beta_0) = \sqrt{n}\xi_n + o_P(1). \tag{A.15}
\]

Using the definition of \( z \), we have

\[
z - g'(\hat{\beta}_1)\beta_0 = y - g(\hat{\beta}_1) + g'(\hat{\beta}_1)(\hat{\beta}_1 - \beta_0)
\]

and it follows by (A.3) that

\[
\frac{1}{\sqrt{n}}g'(\beta_0)^T(I_n - S_h)^T(I_n - S_h)\{y - g(\beta_0)\} = \sqrt{n}\xi_n + O_P(\sqrt{nc_n}) = \sqrt{n}\xi_n + o_P(1).
\]

Thus, to establish (A.15), it is enough to show that

\[
\frac{1}{\sqrt{n}}g'(\beta_0)^T(I_n - S_h)^T(I_n - S_h)\{g(\beta_0) - g'(\hat{\beta}_1)\beta_0 + g'(\hat{\beta}_1)(\hat{\beta}_1 - \beta_0)\} = o_p(1). \tag{A.16}
\]
and
\[ \frac{1}{\sqrt{n}} \{ g'(\hat{\beta}_I) - g'(\beta_0) \}^T (I_n - S_h)^T (I_n - S_h) \{ z - g'(\hat{\beta}_I)\beta_0 \} = o_P(1), \] (A.17)

By straightforward calculation, the left-hand side of (A.16) is of the order
\[ O_P(\sqrt{n}\|\hat{\beta}_I - \beta_0\|^2) = O_P(1/\sqrt{n}) \]
as \( \|\hat{\beta}_I - \beta_0\| = O_P(n^{-1/2}) \). Furthermore, the left-hand side of (A.17) is of the order
\[ O_P(c_n\|\hat{\beta}_I - \beta_0\|) = O_P(c_n/\sqrt{n}) \]. Thus, (A.15) holds.

Using (A.14), (A.15), it follows
\[ \sqrt{n}(\hat{\beta}_L - \beta_0) = A \{ 1 + o_P(1) \}^{-1} \{ \sqrt{n}\xi_n + o_P(1) \}. \]

By the Slutsky Theorem and the central limit theorem, we have
\[ \sqrt{n}(\hat{\beta}_L - \beta_0) \xrightarrow{D} N(0, \sigma^2 A^{-1}). \]

This completes the proof of Theorem 2.

A.3 Proof of Theorem 4

Let \( y^*_i = y_i - g(x_i; \beta_0) \). Thus,
\[ y^*_i = \alpha(u_i) + \epsilon_i. \]

Let \( \hat{\alpha}^* \) and \( \hat{\alpha}^*(\cdot) \) be the estimate of \( \alpha \) under \( H_0 \) and \( H_1 \), respectively. Denote \( \text{RSS}^*(H_0) = \sum_{i=1}^n (y^*_i - \hat{\alpha}^*\alpha_i)^2 \) and \( \text{RSS}^*(H_1) = \sum_{i=1}^n (y^*_i - \hat{\alpha}^*(u_i))^2 \). Define
\[ \text{GLRT}^*_0 = (n/2)(\text{RSS}^*(H_0) - \text{RSS}^*(H_1))/\text{RSS}^*(H_1) \]

By Theorem 5 of Fan, Zhang and Zhang (2001), it follows that
\[ r_K \text{GLRT}^*_0 \sim \chi^2_{\delta_n}. \]

Note that \( \|\hat{\beta} - \beta_0\| = O_P(n^{-1/2}) \). By Lemma 2 and the Taylor expansion, we have
\[ \{ \text{RSS}(H_1) - \text{RSS}^*(H_1) \} = -n(\hat{\beta} - \beta_0)^T A(\hat{\beta} - \beta_0) + o_P(1), \]
and under \( H_0 \), it can be shown by using theory of linear regression that
\[ \{ \text{RSS}(H_0) - \text{RSS}^*(H_0) \} = -n(\hat{\beta} - \beta_0)^T A(\hat{\beta} - \beta_0) + o_P(1). \]

The proof is completed by noticing that \( \text{RSS}^*(H_1)/\text{RSS}(H_1) \to 1 \) in probability.

Acknowledgements: The authors thank Dr. C. Yi for providing data analyzed in Section 3.2.
References


