

# Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

<b>Student:</b>	<b>Tomáš Mitro</b>
<b>Advisor:</b>	<b>doc. Petr Janský, M.Sc., Ph.D.</b>
<b>Title of the thesis:</b>	<b>Impact of the smoking ban on food and beverages services sector sales in the Czech Republic</b>

*OVERALL ASSESSMENT (provided in English, Czech, or Slovak):*

## Contribution

In his thesis, Tomáš Mitro scrutinizes a very interesting and relevant topic of the smoking ban introduction in the Czech Republic. As the policy was introduced in March 2017, Tomáš analyzes very recent data collected by the Czech Statistical Office. He estimates the effects using three different regression models, focusing on the two main outcome measures, i.e. a ratio of food and beverages services sales to total retail sales and total food and beverages services sales. The author concludes that the smoking ban did not adversely affect sales in the Czech food and beverages services sector. Overall, Tomáš's thesis has, apart from an academic one, also a practical application as the results might serve as a valuable estimate of the economic effect of smoking ban in food and beverages services sector in the Czech Republic although the analyzed data disposes of several limitations.

## Methods

In Chapter 5, Tomáš builds three models to analyze the effect of smoking ban on food and beverages services sector sales. The models are based on the relevant literature and to my understanding there is also an added-value when control groups are defined according to the industry sector (3<sup>rd</sup> model). In the first model, all the relevant variables that might affect the predicted variable, i.e. the ratio of food and beverages services sales to total retail sales in the Czech Republic are included. The author correctly tests for serial correlation and heteroskedasticity. The final results of the corrected model are presented in the Table 4. Unfortunately, the results are not fully described as only the signs and statistical significance of the estimates are discussed. I do miss interpretation of the model variables' effect in absolute numbers and discussion about the size of the effects. In the second model, the dependent variable is defined as the total sector sales and includes more explanatory variables. The model is again tested for heteroskedasticity and serial correlation. The author finds a positive significant effect of smoking ban, but decides to explore whether the effect is not mainly driven by the EET introduction. To do so, Tomáš constructs a third model with fixed effects that defines control and treatment groups based on the nature of the industry. Eventually, an adverse effect of smoking ban is not confirmed. Additionally, an explanation for high  $R^2$  is also given. The author is also aware of several limitations that are discussed in the Conclusion. All in all, I consider the used tools relevant to the research question and adequate to the author's level of studies. Nevertheless, I am strongly convinced that the estimates might be better interpreted (as mentioned above) and that there should be also descriptive statistics of the variables in Chapter 4. Moreover, Tables could be described in greater detail. Further, I suggest to split text in Sections 5.1 and 5.2 into several subsections as it would make orientation easier.

## Literature

The literature coverage is up-to-date and relevant. As the thesis scrutinizes a very recent topic, it has to work with the most recent references, too. The thesis demonstrates author's understanding and command of recent literature.

Unfortunately, Tomáš does not cite correctly the newspaper articles so it is hard to find the relevant references in the bibliography. Tomáš is also inconsistent with the citation style at the very beginning of the thesis (e.g. given name of authors) which creates a bad first impression from the thesis.

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p. 1: "Before its enactment, this law has been called controversial as noted by *Krajské listy*, arguing that it would take away the right to choose and that a person should be able to make his own mind whether he wants to visit establishments that allow smoking or ones that prohibit it. According to some, the same argument can be used regarding employees in these restaurants or bars as stated on *iDnes*.

... For example, *K. Riseley (2003)* examined how voluntary smoking ban in Australian workplaces affected employees' and patron's exposure to environmental tobacco smoke.

... Another argument against this law came from a member of parliament of the Czech Republic, as informed by *Aktuálně.cz*, *Ondřej Veselý (ČSSD)*, who argued that it could hurt business in villages, where, he says, "men go to have a beer, cigarette and play cards" and that after the smoking ban, these men turn from publicly available establishments in the village and instead carry on with these activities in their private garages."

p. 3: "One proponent of the free choice for consumer, *Michael R. Pakko (2006)*, argues that before any smoking ban is implemented, consumers are free to choose whether they want to visit establishments that are smoke-free or ones that are not."

## Manuscript form

The text is well structured at the first sight but in closer examination there is a lot of mistakes that should not be present in this type of work, indicating that the work was not finished with a particular care. Tables could benefit from more detailed description.

- The flow/spacing of the text is not consistent as the table of content is typeset in different font style than the rest of the text.
- Different paragraph spacing - p. 9, 25, 26, 27.
- Different paragraph indention - p. 27.
- Paragraphs should consist of more than one sentence (e.g. p. 1, 15).
- Chapters 2.2 Health effects, 2.3 Tobacco industry's influence and Table 1 do not begin at the top of the page.
- Caption style of the Figures is different from the Tables.
- Different style for decimal point (e.g. p. 8 ( $p < 0.05$ ) but p. 11 ( $p < 0,01$ )).
- The definition of the Tables is low and too many decimals are presented.
- Different font size (p. 26).

The text itself suffers from a lot of mistakes and therefore it is hard to read. Tomáš does not write articles properly and also uses present perfect tense and the word "some" excessively. Tomáš does not often use academic style. Below, I list only several examples from the beginning of the thesis, as it is not possible to include all of them.

p. 1: "On May 27<sup>th</sup> 2017, *Czech Republic* has implemented a country-wide smoking ban. Before its enactment, this law has been called controversial as noted by *Krajské listy*, arguing that it

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would take away the right to choose and that a person should be able to make his own mind whether he wants to visit establishments that allow smoking or ones that prohibit it. According to some, the same argument can be used regarding employees in these restaurants or bars as stated on *iDnes*. The possible flaw of this, of course, is that the right to choose might only be applicable in larger cities. In many small villages, there's only few eating and drinking places, so the pool of available jobs to choose from for people in need of employment is small and being picky might not be viable.

... This thesis aims to help settle the argument whether the Czech smoking ban did indeed hurt sales in the *hospitality sector* and add to the literature that may help lawmakers in their public policy decision making process."

p. 5: "The tobacco industry has a lengthy history of trying to influence politics and decision making process, both around the world and even in *Czech Republic*.

... It is therefore not surprising that tobacco industry tries to influence politics, media and conduct *it's* own studies."

p. 6: "uch as Goldstein and Sobel (1998), Sciacca and Ratliff (1998), noting *some* flaws in the approach these studies have chosen. For example, Dunham and Marlow state that previous studies conducted are not able to uncover differential effect of smoking laws, as they tend to aggregate all the data on firms in communities. Next, they state that *some* studies, such as Glantz and Smith (1994)"

p. 7: "With such influence from the industry in place, *it's* clear that it is important to conduct studies independent of tobacco industry's funding, as those studies tend to criticize antismoking laws heavily and are shown to be of mostly low quality, as noted by Scollo et al.

... The study used data from *2* Irish regions and then estimated four models, one for each sizegroup of bars, ranging from small, to medium-small, medium-large and finally large, using fixed-effects regression model. Cornelsen and Normand were able to find differential effect of the smoking ban, noting that with a few exceptions, there was no detectable effect of the ban. However, the study found that for large bars, i.e. ones with *20+* persons engaged within the business, the ban was associated with reduction in bar sales in the South-East region."

In the references that were accessed online, the exact dates of retrival are missing, e.g.

VANČOVÁ, Anička. *Evropa nám kontroverzní český protikuřácký zákon nenakazuje, ministr zdravotnictví klame veřejnost*. *Krajské listy.cz* [online]. 11 November 2015. Available from: <https://www.krajskelisty.cz/praha/11320-evropa-nam-kontroverzni-cesky-protikuracky-zakon-nenakazuje-ministr-zdravotnictvi-klame-verejnost.htm>

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## Summary and suggested questions for the discussion during the defense

Overall, Tomáš's thesis presents original ideas on the topic and works with relevant analytics tools. In my opinion however, the interpretation and presentation of the results should be improved. Importantly, I find serious drawbacks in the manuscript form and citation style. Therefore, I suggest the committee grade D.

## Suggested questions:

i) What is the statistical distribution of the explained variable *sales* in your dataset? Is it normal? If not, would it be appropriate to use OLS regression?

ii) Based on the literature discussed in the thesis, do you expect the results to be changed when extend the dataset according to your suggestions in Conclusion (i.e. local-level data and proportion of smokers).

## SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	23
<i>Methods (max. 30 points)</i>	20
<i>Literature (max. 20 points)</i>	15
<i>Manuscript Form (max. 20 points)</i>	8
<b>TOTAL POINTS (max. 100 points)</b>	<b>66</b>
<b>GRADE (A – B – C – D – E – F)</b>	<b>D</b>

NAME OF THE REFEREE: *Mgr. Kateřina Chadimová*

DATE OF EVALUATION: 29.8.2019



Referee Signature

**EXPLANATION OF CATEGORIES AND SCALE:**

**CONTRIBUTION:** *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong            Average            Weak  
30                15                0

**METHODS:** *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong            Average            Weak  
30                15                0

**LITERATURE REVIEW:** *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong            Average            Weak  
20                10                0

**MANUSCRIPT FORM:** *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong            Average            Weak  
20                10                0

**Overall grading:**

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F

