

# Report on Bachelor / Master Thesis

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

Student:	Bc. Iva Slámová
Advisor:	PhDr. Pavel Vacek PhD.
Title of the thesis:	Predatory Behaviour in Transportation Sector – “Czech Railways v. Leo Express” case

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

*Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.*

### **Contribution**

The introductory chapter of the thesis doesn't mention any hypotheses or research questions, nor does it mention the word „contribution“, nor any references to the existing literature. As the author writes on p. 1, „the objective of this thesis is to clarify the theoretical aspects [of predatory pricing] and apply it on the real case from the railway transport sector ...“ This is not how a master thesis should be motivated and its research question explained. In the thesis proposal, the author wrote that „the main contribution of the thesis lies in the questionnaire survey.“ Already this starting point was, in my opinion, insufficient for a master thesis. But indeed, after reading the thesis, I couldn't find any other piece of contribution than the survey and its very simple statistical analysis. Nothing rigorous has been done with the data the author obtained. This could be sufficient for a bachelor thesis, but it is not sufficient for a good master thesis.

### **Methods**

I do not think that the methods used are adequate to the author's level of studies. The thesis doesn't provide any theoretical foundations or review of relevant literature. There is almost no economics at all present in the thesis. Chapters 2 and 3, which are supposed to introduce the topic of predatory pricing, are very shallow, provide no references either to economic theory, or to empirical literature. Section 3.2 introduces the SSNIP test used to identify the relevant market and instead of giving some economic introduction and context, it focuses on simple and very basic formulas for calculating market share such as a ratio of unit sales to total market unit sales (p. 8), etc. Moreover, the author doesn't even explain what the variables in some formulas are – for example  $s_i$  in eq. 3.3 and 3.4 (p. 8). Also, the equation only writes in a formula the same as is written in common language above it. In my opinion, chapters 2-5 could be sufficient for a bachelor thesis, but not for a master thesis.

The SWOT analysis, which seems to be one of the important results of the thesis is not sufficiently motivated, nor explained. Where did the author get the weights used in Tables 6.2 and 6.3? Why choose these and not others?

Chapter 6 suddenly starts to mention a questionnaire survey and introduces it only by stating that it took place in April 2007 on the main railway stations in Prague and Ostrava and includes only respondents traveling on the Prague-Ostrava route. What about some information about the survey design? What about response rates? The author then starts showing tens of tables with various answers without letting the reader know, what is the reason. Without being able to read about the research questions in the introduction, the reader is completely lost.

Section 6.5 then throws in some logit and OLS regression without motivating their use at all. Moreover, the author doesn't explain how she picked the explanatory variables she uses. Also, it is not clear from the tables with results, what is the statistical significance. According to the text on p. 51, the results are not significant at all. In that case, why is that part even there? And is it safe to use the chosen estimators with survey data? All this should be very carefully explained! Including motivation, reasons

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why the dependent variables should be explained by the chosen independent variables, some hypotheses, some theory. How is it even important for the topic of the thesis?

## Literature

The thesis includes almost no references to existing literature, a number of non-trivial statements in the text is without any references. The reader doesn't have a clue whether these are statements (assumptions? ideas?) of the author, or taken from the literature. There is no literature review part in the thesis.

The list of references lists only 22 items. Out of them, only 3 seem to be published academic articles. The author doesn't even try to provide an overview of the topic dealt with in the existing literature.

## Manuscript form

Where the author does refer to existing literature, it is often in an incorrect form. The reference to OECD, 2007 (p. 2) is not in the list of references. If all three bullet points on p. 11 are from Bishop & Walker (2010), then the reference should be above them, not after the last item. Text „(WIKIPEDIA)“ on p. 54 should be a reference to the Wikipedia? We do not cite from the Wikipedia in academic texts!

Tables should be referenced in the text, which is almost never done in the thesis. The tables (there are 43 tables + 5 boxes in the thesis!) seem to be very independent from the text, sometimes the text assumes that there is a table somewhere around and comments its content without referencing it. The text also often includes completely unnecessary parts, such as the derivation of probability P from the logit model on p. 46. Tables should be self-explanatory, why are there some abbreviations as the explanatory variables in tables 6.35-6.41?

The thesis would have benefited from a thorough proofreading. There is a significant number of typos present, e.g. SWAT/SWOT (p. 20), CD (p. 22)/CR (everywhere else), „ndicates“, „astimating“ (p. 7), „Tve“ (p. 47), etc.

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

In my opinion, the thesis is very weak. Even though I recommend it for the defense, due to all deficiencies I list above I cannot recommend a better grade than „E“ in case of a successful defense.

Some questions for the defense:

1. The prices used on p. 40 are from some tables of fares, or are they real prices including discounts, etc.? How does the author defend her choice and what would using other prices mean for the analysis?
2. Why should costs increase as prices rise due to predatory behavior? And moreover why proportionally? The mentioned reason that there will be a reduction of the customer base doesn't make sense to me, because these are already included in the reduced number of units sold.
3. Does the author think that it makes sense to mix profitable lines like Prague-Ostrava with subsidized ones in the Cost analysis section 6.6? What kind of bias could it have created?

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	16
<i>Methods</i> (max. 30 points)	17
<i>Literature</i> (max. 20 points)	8
<i>Manuscript Form</i> (max. 20 points)	10
<b>TOTAL POINTS</b> (max. 100 points)	<b>51</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>E</b>

**NAME OF THE REFEREE:** Jiří Schwarz

**DATE OF EVALUATION:** 23.1.2018



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**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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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