krr

Group3

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Introduction

```
print('test')
```

```
## [1] "test"
```

Data

To measure the operational efficiency of six airlines in the United States between 1970-1984 in our sample, we measure the revenue per passenger-mile flown. Earlier research has shown (REF) that key performance indicators total cost of the airline, the fuel price, and the load factor* are important measures to predict operational efficiency. Further, we control for the year of observation, however, we do not use individual dummies for each year, but a continuous variable. This is important as when the model is used to predict a year forward this is not possible with a dummy for the year we are attempting to predict. Finally, a dummy is included for each of the 6 airlines. We use the data from Greene (2003), which has annual observations on 6 airlines on the described variables, 15 observations per airline in total, summary statistics are included in Table XXX. We scale all variables except the airline dummies to create z-scores; $(x_i \check{} mu)/sigma$ where mu and sigma are the mean and the standard deviation respectively. This is essential, as our approach is relying on distance between observations, by scaling we ensure equal importance for each variable.

Method

Results

Discussion