

SCIENTIFIC ADVISOR'S REFERENCE

Program:	Master in International Business
Student:	Anastasia Rubashkina
Title of thesis:	Private benefits of control and financial leverage: evidence from Russia and Northern Europe

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.

There is a bulk of literature on private benefits of control - the concept, measurement issues, relation with corporate governance factors. Fewer studies are devoted to the company's financial metrics in relation with private benefits. Russian market is not well studied with regard to the magnitude of private benefits of control. This thesis attempts to link the size of private benefits and financial leverage, the topic that academics did not come to agreement on because of controversial results of research. With this respect the study that involves samples from Russia and Northern Europe countries is able to bear both theoretical contribution and important managerial implications. Companies from those samples could differ not only in their corporate governance structures, but also in dual class share structures, performance of various types of shares in the stock market.

The goal of the research is clearly defined - to explore the relation between the private benefits of control and financial leverage. A number of objectives stated are consistent with the goal. The topic is fully covered by the thesis content.

Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.

The structure is logical and consistent with the structure of academic research paper. The first part contains literature review on various aspects of private benefits of control – concept, approaches to measurement, determinants. Dual class ownership is discussed emphasizing the specifics of Nordic countries. Financial leverage as a determinant of private benefits is well discussed. As the thesis attempts to identify other financial leverage determinants besides the private benefits of control, the author devotes a considerable part of the literature review to financial measures - determinants of the debt structure.

It is worth noting that the literature review is of a high academic level. The analysis of studies is followed by the empirical study – hypothesis, methodology statement, data description and processing. Empirical analysis for samples of Russian and Nordic countries is presented both separately and for a combined sample of companies. Theoretical and empirical parts are aligned. Estimation results, theoretical value and managerial implications are substantiated in the introduction of the paper and developed in the conclusive part.

Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.

The quality of the thesis content could be evaluated as high. The thesis definitely has a research nature and contains practical implications. Goal and objectives are covered and fulfilled thoroughly. Research question and hypothesis are defined properly. The author uses relevant methodology for testing hypothesis on the impact of private benefits of control and financial factors on financial leverage.

The author tests various measures of the debt structure, uses a variety of variables with references to research papers of a high quality.

Thus objectives, hypothesis, methodology are consistent with those used in academic literature. The literature review and conclusions made demonstrate high analytical skills of the author. In general

the quality of analytical approach could be evaluated as high.
Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.
Data are valid and relevant. The methodology, research tools and methods (regression analysis) are relevant for this research, processing the data collected. The list of references is relevant, complete and contains very recent reputable papers in this field of studies.
Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.
The author demonstrated the scientific thinking in solving research problem, the thesis is conducted independently. The author applied methodology used in existing studies, to meet objectives set. Empirical findings are substantiated and have references to existing studies. Although the empirical analysis did not provide any support to the hypothesis on the relationship between private benefits of control and financial leverage, research results contribute to existing studies, demonstrating links between financial leverage and other financial variables. Also the results are in line with some studies, which did not find the above mentioned relationship. Given that there are no similar studies on Russian companies, the paper makes a theoretical contribution with this regard too.
Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.
Theoretical background is related to the practice of Russian and international companies with dual class shares structure. Empirical results are interpreted properly. Practical recommendations are based on empirical findings. Comparative analysis of results for Russian and Nordic companies is given. The advantage of the research is that not only managerial implications were provided, but the author also presented policy implications, concluding on the prospects of dual class share structure and the role of debt financing with this respect.
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.
The layout of the thesis meets the requirements for master thesis preparation.

The Master thesis of Anastasia Rubashkina meets the requirements for master thesis of MIB program thus the author of the thesis can be awarded the required degree.

Date
26.09.2011

Scientific Advisor:
Asc. Prof. Yulia Ilina

