

REFEREE'S REVIEW

Program:	MCF
Student:	Dordzhieva Aysa
Title of thesis:	The Determinants for Capital Structure Choice for Listed Russian Companies

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.	4		
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.	4		
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.		3	
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.		3	
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.		3	
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.	4		
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.		3	

Each item above is evaluated on the following scale, as applicable: 5 = excellent, 4 = good, 3 = satisfactory, 2 = poor .

Additional comments:

The topic of the thesis is relevant. The issue of capital structure is in a focus of both academic and business literature. The growing number of studies on emerging markets and Russia in particular also proves the relevancy of the problem. It is even more so, because many studies on capital structure in Russian companies bear controversial results.

The goal of the research is stated clearly. Objectives are consistent with the goal. The structure in general is logical. The thesis has a research nature and contains practical implications

There is a number of critical remarks:

Section 1.1 "The notion of capital structure" contains common material that could had been avoided in the research paper. Besides, the volume of the thesis is not sufficient, and this type of material just boosts the text to the detriment of achieving the main goal of the study. It should be noted, that in this part the author provides only one reference which is to the internet resource (p.11).

Although the part of the theoretical background in sections 1.2 and 1.3, that covered studies on Russian companies is rather thorough and contains references to relevant recent studies, a big part of the section is written in a manner appropriate more for a textbook, rather than for a research paper. Besides, there are almost no references to recent studies, many of them are related to the same source (Ericsson

999). The section 1.4 providing determinants of the capital structure, suffers from the same flaw – no any findings from recent studies presented.

Chapter 2, while presenting interesting information on the global financial crisis impact on the companies' capital structure, is mostly descriptive.

The title of the Chapter 3 "Methods for the research" doesn't reflect the contents of the chapter. In the section on data description the author mentioned, that 26 companies were chosen for the study, because for those particular companies the necessary data were found. But the author did not explain any other criteria for the sample choice. There is no any description of the sample, thus it is not possible to check the reliability of the data.

Presentation of the estimation results is not presented in a proper way.

Many references from the list of references could not be found in the text itself.

The language in general is not on a high level; the author uses inadequate translation sometimes, as well as allows a number of conceptually incorrect statements and a lot of misprints (see page-by-page comments).

Page-by-page comments

"...and chapter number will familiarize a reader with the results" (p.8).

"Different sorts of capital have different costs, and *the cheaper capital imposes bigger risk*" (p.9). Why so? It is not proved by the theory.

"But if a company manages to find more *or less optimal capital structure*, then it will increase its overall value" (p.9). It could not be more or less optimal, either it is optimal or not.

"emission of shares" (pp.9, 10)

[Akash, Shah, Hasan, Hamid, Suleman] (p.16)

"In the work called "Финансовыерешенияроссийскихкомпаний"..." (p.17)

"Pecking-Orer theory" (p.17)

"In the result of the research the authors also figured out that with the increase of the volumes of investments of a company, *ceteris paribus*, there is an increase in the necessity of attracting additional external sources of financing". Isn't it obvious?

Exhibit on the p. 19 could not be read.

"In the paper called "Debt Source Choices and Stock Market Performance of Russian Firms during the Financial Crisis" (p.26) – no complete reference.

"analasis", "multicolliniarity", "ECXEL" (p. 37)

Master thesis of Dordzhieva Aysa meets the requirements of MCF program, and deserves a "satisfactory" grade, thus the author can be given the desired degree.

Date

23/09/2012

Referee:

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