REFEREE'S REVIEW

Program:	MCF
Student:	Soldatova Anastasia
Title of thesis:	Influence of intangible capital on company's market value: evidence from IT industry

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.		4		
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.		4		
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.		4		
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.		4		

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

Additional comments:

1. The aim of this thesis is to explore the drivers of IT companies' Market Value in the context of Efficient-market Hypothesis. It is worth noting, that this issue is not covered extensively in the financial literature, is quite complex to investigate, thus the aim and objectives of the master thesis prove to be original and up-to-date. The topic and objectives are rather fully covered in the paper.

    Nevertheless with all advantages of the thesis of Soldatova Anastasia, this research contains substantial flaw – the student does not focus on the main issue. The structure of the paper is not balanced, especially with regard to the first chapter, devoted mostly to the VBM concept and its history. Only in the second part of the thesis the author covers issues related to the influence of intangible capital on company's market value. On my opinion, the literature review on the very concept of intangible capital, its structure, measurement issues should have been more thorough and extensive. Soldatova A. attemted to consider a crisis impact, that probably did not allow to analyze main issues of the study more deeply in order to achieve the primary goal of the research.

2. The second chapter contains flaws as well.

The author is not accurate in the interpretation of the efficiency market hypothesis. On the p. 23 the author states: "The Efficient-market Hypothesis in its strongest form states that all the information about the company (public and private alike) is immediately reflected *in its valuation*».But on the p. 28 the author provides the following statement: "That is why in the current research Book Value was altered using the assumption of the Efficient-market Hypothesis: that the market knows all the information about the Book Assets and adjusts for their utilization rates".

I would ask the author to explain her interpretation of this hypothesis, since it is not clear from the text.

It seems surprising - the following statement on the p. 28: «That is due to the nature of those *assets, which are always positive* (or *can be slightly negative* in exceptional cases), thus they have a tendency to be centered close to zero".

The reference to the resource http://www.econ.yale.edu/~shiller/data.htmresults on the p. 32 doesn't' work.

3.   It is very important to emphasize the issues related to the econometric model (4). In the form, the model is presented in the paper, and due to the fact that variables under logarithm sign, are positive, the model could be transformed to the following:

$$ MV = a^{\beta_0}(TV)^{\beta_1}(R \& DAsset)^{\beta_2}(ODAsset)^{\beta_3}(PE)^{\beta_4}\tilde{\varepsilon} $$

Thus the question to the author is: What was the initial assumption on the functional relationship? Did the author assume a non-linear relationship?

There is essential flaw of the econometric study, conducted by Soldatova A., that could distort the results obtained. Panel data include long time-series of variables (24 observations), and the problem is that those time-series were not tested for the stationarity and autocorrelation. Besides other factors the presence of crisis during the time period analyzed could be a reason for the non stationarity of financial time-series.

Information presented in tables 2 and 3, does not allow to make any conclusions. The author does not indicate the size of the sample used in models estimation. The lack of this data does not allow to conclude on what we actually face with in the research: if estimation results are not robust to change of the size of the sample, it is frequently an indicator of the poorly specified model.

The critical remark is also advanced with regard to the presentation of econometric modeling estimation results.   On my opinion, it is no need to provide a common material on econometrics for 14 pages with the description of all types of tests used in panel data models. In the main part of the paper it was sufficient to states, which model was chosen, and then keep on the results description and interpretation. Tables and tests results should have been placed in the appendix. The same is worth noting with regard to the tables layout. It is not appropriate to place screen-shots in the main body of the paper. This material could have been moved to appendices.

Master thesis of Anastasia Soldatova meets the requirements of MCF program, and deserves an "good" grade, thus the author can be given the desired degree.

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