

SCIENTIFIC ADVISOR'S REFERENCE

Program:	MCF
Student:	Alexander A. Yalygin
Title of thesis:	Country- and Firm-level Determinants of a Firm's Capital Structure: Evidence from Transition Economies

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.

The thesis deals with one of the key issues in corporate finance – the choice of the firm's capital structure. Two particular strengths of the thesis are that it examines capital structure in the transition countries of Eastern Europe and Central Asia (about which there is only limited evidence) and attempts to identify firm- and country-level determinants of the capital structure choice, including the interaction terms between the two. The interaction terms address, for example, the issue of whether an insufficiently developed banking sector magnifies the effect of the firm size (that smaller firms generally face greater obstacles in obtaining bank loans). The topic is therefore interesting and important from the research perspective, from the viewpoint of policy-making, and has potential implications in business. The topic, aim and objectives of the thesis are well-defined and well-aligned with each other. The thesis is, in general, very well structured and well written.

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 thesis is logically well-structured. It starts with an introduction where the goals and objectives are set in a clear and transparent manner, proceeds with a review of the literature on the firm's capital structure, presents the data, and then describes the results of the empirical analysis. All these parts are well-aligned with each other.

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 analytical approach chosen by the author is, in general, very good. The findings are well presented and commented.

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.

The data chosen for the thesis are perhaps the best currently available. The author has done a great job of merging several datasets in order to create a database combining firm- and country-level data. The data are well-described with the necessary references provided in the text. The papers included in the reference list are relevant; the reference list contains key articles on the topic, including from top-journals such as AER, JF, JFE. The research tools and methods are, in general, adequate for the type of research questions considered in the thesis.

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 topic, aim, and objectives of the thesis have been chosen by the author. He also played a key role in justifying the research model and developing the methodology. He was fully responsible for collecting, merging, and analyzing the data. The work on the thesis involved a great deal of independent scientific thinking by the author.

One aspect of the thesis where, in my view, the author could have done more, is an in-depth analysis of the interaction terms between the firm- and country-level factors. My impression is that the author fell short of time when coming to this (relatively more complicated from the methodological viewpoint) issue in his analysis. That's probably why the quantitative interpretation of the interaction terms is not really spelt out in the thesis. It is also unclear whether the author has considered other interaction terms apart from those reported in the thesis. I would not, however, consider this a major shortcoming of the thesis that questions

the quantity and quality of the work done by the author.

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.

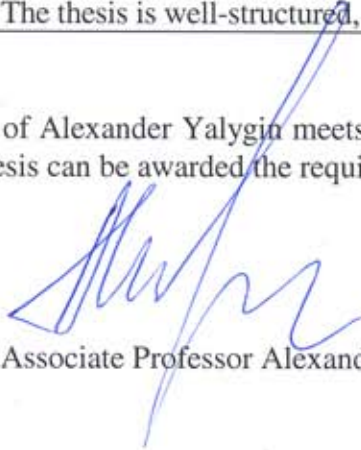
The thesis represents a research paper with some practical implications. Possible managerial applications (as seen by the author) are spelt in the thesis in a special section.

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, in my view, fulfils the requirements of the Regulations for master thesis preparation and defence. The thesis is well-structured, well-written and is easy to read.

The Master thesis of Alexander Yalygin meets the requirements for master thesis of MCF program thus the author of the thesis can be awarded the required degree.

Date: June 11, 2012



Scientific Advisor: Ph.D., Associate Professor Alexander A. Muravyev