

SCIENTIFIC ADVISOR'S REFERENCE

Program:	MCF
Student:	Evgeniy A. Shumilo
Title of thesis:	Study of the Relationship Between the Board of Directors Structure, Frequency of Meetings and Firm Financial Performance: Evidence From Russian Listed 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.

The topic chosen by the author is interesting and important from the research perspective, from the viewpoint of policy-making, and has potential implications in business. The aim and tasks of the thesis are reasonably well defined. In the context of Russia, this is the only study (to my best knowledge) that looks at the frequency of corporate board meetings. Importantly, the data for the empirical analysis come from the pre-and post-crisis time, spanning the years of 2006 to 2011. From the research perspective, this allows an interesting analysis of how boards of directors, key internal mechanism of corporate governance, react to the turbulence caused by the 2008 crisis.

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 reasonably well-structured. It starts with an introduction where the goals and objectives are defined, proceeds with a review of the literature in chapter 1, describes the development of corporate governance in Russia in chapter 2, and proceeds with an empirical analysis in chapter 3. While all these parts are aligned with each other, there is a clear disbalance between the three chapters. In particular, chapter 2 is way too long (and largely deals with the history of corporate governance in Russia, including in the 1990s, which is, of course, relevant, but not very much) while chapter 3 (the main chapter containing the results of the author's own empirical work) is too short.

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, good. I do have some questions, however, regarding the author's formulation of the objectives. In my view, he has actually done more than what is written on page 4 (counting from the cover page; unfortunately, the pages are left unnumbered). It looks as if the author was writing his thesis in a Zeitnot, which prevented him from presenting the results of his work in a clearer and more detailed way.

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 thesis is based on a unique dataset collected by the author (with some help from me). This is the only dataset (to my best knowledge) that contains information about the frequency of corporate board meetings in Russian publicly traded companies. The high quality of the data collected raises no doubts; and the author should be given credit for that. The description of these new and valuable data in the thesis could have been improved, however. I am particularly disappointed to find no table that shows the dynamics of board meetings over 2006-2011 (instead we see Table 3.1.1 with the industry-year composition of the sample – this is an important piece of information, but not as much as the dynamics of board meetings).

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 methods of analysis chosen by the author (with the principal role given to multiple regression) are in general adequate for this type of study. The empirical analysis has been conducted by the author on his own, with little consultation with the research advisor. This has both good and bad sides: the author has worked independently, for which he should be given credit, but has run into some complications and troubles. I am particularly unhappy with the way the regression results are presented. For example, in Table 3.2.8 we see the numbers with the units of measurement and t-statistics just beneath them. Are these

numbers regression coefficients? If so, the units of measurement should be avoided. And the conventional significance levels added instead. This is clearly a non-standard way of reporting regression results. Also in terms of interpretation the author comments only on the value of the t-statistics (statistical significance of the coefficients) while it is much more interesting to know the economic interpretation of the coefficients (for example: when, other things being equal, board size increases by one person, the firm's ROE, on average, decreases by 0.0023% or smth like that). This is all but missing. To sum up: the author has done an interesting analysis (and it seems that the analysis has been done reasonably well), but failed to provide an adequate description of the results and findings that would have made the reader's job easier. Having said this, I'd like to emphasize that, despite all these issues, the thesis does have a value added.

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.

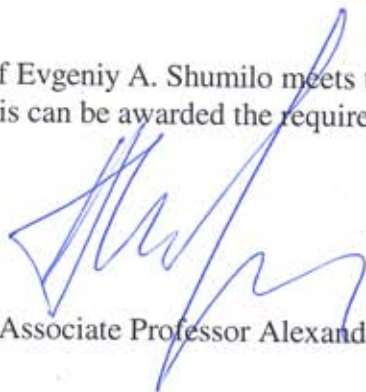
This is an empirical project that mostly evaluates the effectiveness of particular mechanisms of corporate governance in Russia, from which some implications for policy-makers and main corporate constituencies can be drawn. This aspect of the thesis is mentioned several times, including in the conclusion, although only in passing. This could have been elaborated in more detail.

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

The quality of the thesis layout is, in general, decent. However, some of the references are missing (for example, Mirkin, Losev, 2000 is cited on p. 31, section 2.3.3, but is not included in the reference list). In general, I find it strange to see no references to sources in Russian. And I am particularly unhappy to see no page numbers, which forces the reader to count pages manually. These are fairly small things that could have been relatively quickly fixed by the author. But the apparent Zeitnot (responsibility for which is entirely on the author) has resulted in a thesis with numerous (although not critical) deficiencies.

The Master thesis of Evgeniy A. Shumilo meets the requirements for master thesis of MCF program thus the author of the thesis can be awarded the required degree.

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