REFEREE'S REVIEW

Program:	MCF
Student:	Evgeniy 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.		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.			3	
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:

The topic of the thesis is relevant. The thesis is related to the impact of board of directors characteristics on the firm performance, and ownership concentration and financial performance. There are no many studies in this area for Russian companies. The author provides a theoretical background. The methodology applied seems to be relevant.

This research makes particular contribution to existing studies.

Critical comments:

The thesis subject deals with the board of directors and firm performance. But first two parts are devoted to description of corporate governance, general principles etc. There is no analysis of the board until p. 11.

Section "1.3.1 Overview of Board of Directors" is too small to be named like this (half of a page).

The section 1.4 "Theoretical background, existing researches" contains only one subsection "1.4.1 Empirical research on the relation between board size and firm performance" of 1 page. It is inappropriate. While the author devoted previous 15 pages to the general description of corporate

governance and boards, he provides only 1 page of the empirical studies analysis on the topic under investigation.

The part 2 is largely based on Russian corporate governance practices in general, not on the board of directors' practices. Section 2.3 is too extensive, not focused on the research issues that are subject of this paper.

The subsection "Inexperienced and inadequate Supervisory Boards" (p. 34) is irrelevant in terms of the contents; the author declares some strange statements, that are not proved or substantiated.

Data description is coming before the methodology and research design in general.

Why the author chose the ownership stake more than 80% as criteria to assign the company to the category "Centralized"?

The author did not provide the variables description in terms of the way of measurement (pp. 40-41).

The author uses the variable "internal ownership" (probably, the author's innovation), but doesn't explain what this means.

A lack of conclusions, theoretical and managerial implications should be emphasized as well.

Also there is a number of misprints and stylistic errors.

Page-by-page comments

P. 4: "recently there were no any studies among Russian companies…". That is not true, there were many reputable publications since 2007, the last year, the author refers to.

P. 5: "The subject: efficiency of corporate governance based on the board of directors structure and activity". The subject is stated unclear.

P. 5: "Stata and Excel are used as the research instrument". Instrument?

P. 5, 35: "SCRIN". Correct – SKRIN.

P. 5: Objective "Find out the performance and general condition of corporate governance in Russian companies". What particularly did the author to fulfill this task, "find out"?

P. 6, 10: "the conception of corporate governance". Correct – the concept.

P. 6: "managers peruse profit only for shareholders". Peruse – incorrect use of the word.

P. 8: "elect and remover members of the board decide on the remuneration of the board member or executives and get the dividend and share-repurchase". The phrase is too heavy and unclear.

P. 10: "directors who oversea management".

P. 12: "empirical studies conducted the correlation between board size and firm performance".

P. 20: "violation of requirements regarding introduction to statutory documents of amendments related to changes in face-value of the Russian notes and price scale". What did the author mean?

P. 21: Table 2.2.1. The data are old, up to 2000.

P. 24: Again, all the data are as of 1996, 2000.

P. 25: "privileged" (stocks). Correct – preferred.

P. 39: "governing organ".

P. 44: "comparatively significant".

P. 45: "Corporate governance is an important economical question".

P. 46: "size of the board matters only in terms of absolute financial indicators". Which are absolute indicators?

Master thesis of Shumilo Evgeniy meets the requirements of MCF program, and deserves a "good" grade, thus the author can be given the desired degree.

Date
12/06/2012

Referee:
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