

REFEREE'S REVIEW

Program:	MCF
Student:	Alina A. Ovchinnikova
Title of thesis:	Cost Efficiency of Large Russian Banks: Impact of Board of Directors and Executive Board Composition

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.		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 title of the thesis is catchy. There is little evidence on corporate governance of Russian banks, including the composition of the supervisory and management boards. The author has spent considerable time and effort in studying the issue and the thesis has considerable value added. But could have much more.

To start with, the author could run a standard language check (spelling and grammar). And could carefully check the terminology (e.g., the "agent problem" on p. 22 strikes me as well as the Federal Law "About Joint Stock Companies" on p.20 which just few lines below transforms (correctly!) into the Law "On Joint Stock Companies"). Also, "a big amount of scientific and empirical research" on p.8 suggests that empirical research is not scientific, which I do not accept (and I am in a good company here).

The flow is OK, but not great. For example, the text on p.11 does not really belong to section 1.1.1, if judged from the title of the section. I am also unhappy with the fact that conceptual things are not always carefully separated from empirical evidence, e.g., on p.14. There are some bits of the text that represent some sort of opinions which are not supported by evidence, e.g., the last two paragraphs on p.21. Who said that "For most of Russian banks the specific is that top-management positions are occupied by people that are difficult to replace and loss of them can cause serious consequences (finding a new manager can require several months)". What's that? This does not look academic at all!

P.29: "The motivation for the following research is an idea that some board of directors and executive group characteristics can have a statistically significant influence on bank's efficiency" – this is just bad. We formulate hypotheses in terms of "yes" or "no" and then conclude with some degree of uncertainty (statistical significance). We do not formulate hypotheses in terms of statistical significance.

Russia is not a developing country (p.29). Emerging, transition economy – anything but not developing. Russia is not a third world country.

I am not sure the list of inputs and outputs on p.31 is properly justified. At least I would like to see more arguments why these particular characteristics have been chosen.

What happens to the number of observations? There are 31 banks, 3 years (p. 36), which is consistent with the panel data specification of the regression equation on p. 41, “total number of observations is 79” (p.36), “observations = 31” (p. 42)?? I’d like to know what’s really happening here!

Overall, the author has chosen an interesting topic, spent considerable time and effort on the thesis, but failed to deliver the text that could impress the reader.

Master thesis of Alina A. Ovchinnikova meets the requirements of MCF program, and deserves a good grade (provided an excellent defense in the classroom; otherwise a satisfactory grade), thus the author can be given the desired degree.

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Referee: Asc. Prof. Alexander A. Muravyev, PhD

