

REFEREE'S REVIEW

Program:	Master in International Business
Student:	Kristina Lepekhina
Title of thesis:	Relationship between sources of corporate debt and stock returns during the financial crisis of 2008: evidence from Russian companies with foreign ownership

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.	5	<u>4</u>	3	2
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.	5	<u>4</u>	3	2
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.	5	4	<u>3</u>	2
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.	5	<u>4</u>	3	2
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.	5	<u>4</u>	3	2
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.	5	4	<u>3</u>	2
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	5	<u>4</u>	3	2

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

Additional comments:

The thesis is devoted to a very actual and interesting topic of the relationship between corporate debt and stock returns. This is one of the most discussed and researched fields within corporate governance sphere. The topic is actual and well proved by the author. Therefore, the goal of the following master thesis is to research the relationship between debt source and stock returns and to define which type of source is more favorable during the credit crunch. The goal of the research is clearly defined and the objectives of the research help to achieve the goal. The paper consists of introduction, three chapters, conclusion, list of references and appendixes. All the parts are linked between each other. The practical part is based on the theoretical information represented in the first chapters of the work.

The sample consists of companies traded on Russian stock market during the period 2007-2010. The sample is relevant for the research and the information is divided into three stages to reflect the goal of the research. The author uses regression analysis to analyze the data. The research method and methodology are absolutely relevant for the research.

The results obtained by the author are valuable for both academics and practitioners, but unfortunately they are not well developed.

There are some other comments about the work:

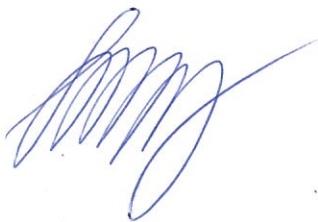
- The chapters are not well structured. The chapters are about 10 pages long with a lot of spare lines on a page, so probably the text could have been restructured to make the chapters longer and more valuable.
- The literature review is not deep enough. The author does not have a deep analysis of the existing papers on the topic that will help to prove the literature gap. The author does not show the ability of making deep conclusions on the base of literature review. This is one of the main drawbacks of the work.

- In paragraph 2.1 the author provides some information about figure on the Russian market. For example, on p.23 it is written: "Cross-country comparisons denote that bank loans for a period up to two years prevail among the debt financing sources of Russian companies. Only large public companies possess an ability to attract bond loans for a period of 7-15 years". It is not clear where the author got this information. The sources of information are not mentioned in the Master thesis. The same question arises in paragraph 2.2 and 2.3.
- It is written on p.30 that the basic sample includes large capitalization companies. The author does not provide any criteria for including the companies into the group of "large capitalization companies".
- It is not clear from the text whether the author took the financial information based on Russian accounting standards or IFRS.
- It is not clear from Table 1 how all variable are measured (RUB, % and so on).
- Sometimes the financial leverage effect takes time in order to have the effect on stock return/market performance. In this case it would have been valuable to check the results of the regression analysis when the dependent variable is taken with half a year/one year lag.
- The author does not control the industry of the companies taken for the analysis. The industry specific may influence the obtained results.
- The conclusions are not deep enough. They are very general.
- The layout of the Master thesis does not always fulfill the requirements.

Master thesis of Kristina Lepekhina meets the requirements of Master in International Business Program, and according to the reviewer's opinion deserves an "good D" grade, thus the author can be given the desired degree.

Date: 12.06.2015

Referee:



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