

REFEREE'S REVIEW

Program:	Master in Corporate Finance
Student:	Iuliia Karpeeva
Title of thesis:	Multiple large shareholders' relations with the largest shareholder and company's value: A study of Russian public 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.	<u>5</u>	4	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.	<u>5</u>	4	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	<u>4</u>	3	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.	<u>5</u>	4	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	<u>4</u>	3	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 = the thesis meets all the requirements, 4 = the thesis meets almost all the requirements, 3 = a lot of the requirements are not met in the thesis, 2 = the thesis does not meet the requirements.

Additional comments:

Please, elaborate on the above mentioned criteria (about 500 words)

The Master thesis of Iuliia Karpeeva is devoted to the interesting and challenging topic of corporate governance, namely the impact of non-largest, so-called "multiple large shareholders", on the value of the company. The research conducted by Iuliia Karpeeva tries to investigate into the more concrete issue, the specific impact of large shareholders, related (interconnected) with the largest one. It looks like an interesting topic both for academic-oriented studies in corporate governance and for studies trying to give more detailed picture of contemporary system of corporate ownership and corporate governance in Russian public companies. Therefore, the aim and objectives of the Thesis are very clear and promising.

The strong feature of the research in the Thesis is the sophisticated analytical structure (companies with dual class shares; largest shareholder vs. other largest shareholders; value of the company). In addition, it is worth to mention that Iuliia Karpeeva did the impressive work with a raw data to come up with the assessment of the real "relatedness" between the largest shareholder and other large shareholders (the result is in the Appendix 2). The clear and operationalized algorithm for the "related shareholders" identification supported the data collected. This thorough activity creates the solid base for empirical study on the topic.

At the same time, the research presented in the Thesis has some drawbacks.

First, four hypotheses stated in the Thesis were rejected (namely, the direction of proposed link between the dependent and set of independent variables). But clear & intensive justification of hypotheses was not provided in the text (see p. 33); hypotheses are not grounded directly in the theory (separation ownership from

control, agency theory with monitoring and related issues; impact from ownership protection considerations and all institutional/legal specifics) or current trends in corporate ownership of Russian companies. It means that the reader has no clear presentation of economic or managerial logic that results in the statement of particular hypothesis. Later, in the discussion section, it limits the possibility to speculate theoretically about the reasons of contradictory outcomes.

Second, the author devotes her research to the role of large shareholders related to the largest one. To measure the firms' ownership structure the variable *Rel share* is used, but this variable includes also the share of largest shareholder. From my viewpoint there were no any reasons not to test both this *Rel share* variable and variable that would account for the share of "related large shareholders" only (f.e. in different specifications). Such design could give more comprehensive assessment of the research goal of the Thesis (in part H1-H2) and provide space for more interesting discussion of the results.

Also, there is no discussion of possible "endogeneity" in the data. Namely, may be the companies with higher Tobin's Q (more productive & profitable, with more interest from the market/investors) are the companies with higher presence of large shareholders affiliated somehow with the largest shareholder (i.e. the company with but one ultimate owner but portioned ownership structure between different entities to survive in hostile economic & legal environment, the huge business holdings with "main partner (owner) – small partners" management system where small partners are more deeply engaged into operations of particular companies).

Minor comments:

-It is stated the "The object of the research is Russian public companies with dual-class shares, whose shares were actively traded in the period under research" (p.8). Later it is mentioned that in the analysis were included only "firms which were traded at least in 1 year out 4 years under research" (p.37). The more clear description of the "activity" of trading is expected: for example, the number of consecutive weeks without deals that prohibits the company to be include into the sample.

- Tobin's Q could be influenced by industry specifics. There are no variables in the models that consider industry or more broad sectors of the economy (manufacturing, services, utilities, oil & gas & mining, etc). As a result the scope of control variables is limited.

- In the Conclusion it is stated "In the context of current research multiple large shareholders cannot be regarded by investors and by the market as the corporate government mechanism" (p. 62). As far as reviewer understood the paper, only "related" multiple large shareholders were in question, not the "independent" ones.

- There were no any assessment of the statistical quality of the models itself (basic test of regression).

- There are some flaws in the figures layout, f.e. when looking at picture 2.1 "Distribution of sample companies by industry" we cannot understand the meaning for "58%"; the key for the picture 1.2 "Dynamics of control concentration in Russian public companies" is also incomplete.

So, in general

Master thesis of Iuliia Karpeeva meets the requirements of Master in Corporate Finance program, and according to the reviewer's opinion deserves a **"good" (B) grade**, thus the author can be given the desired degree.

Date 12.06.2015

Referee:

Snr Lecturer
Mikhail V Smirnov

