

## REFEREE'S REVIEW

<b>Program:</b>	MCF
<b>Student:</b>	Kristina Kiprskaya
<b>Title of thesis:</b>	The announcement effect of divestiture on stock returns of divesting firms: Evidence from Russian market

<b>Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis.</b> 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		
<b>Structure and logic of the text flow.</b> Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.	4		
<b>Quality of analytical approach and quality of offered solution to the research objectives.</b> 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		
<b>Quality of data gathering and description.</b> 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		
<b>Scientific aspect of the thesis.</b> 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	
<b>Practical/applied nature of research.</b> 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		
<b>Quality of thesis layout.</b> Layout fulfils the requirements of the Regulations for master thesis preparation and defence, 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 paper studies the effect of divestitures announcement on stock returns of divesting firms. Divestiture represents itself a corporate strategy opposite to mergers and acquisitions that were paid substantial attention in scientific literature. Divestitures, in their turn, are not so well studied, especially in the emerging markets such as Russian. That's why the goal of the thesis which is "to examine the effect of divestiture announcements on stock returns of Russian divesting firms" (p. 3) is relevant. Objectives/research questions are consistent with the goal.

The structure in general is logical. The goal and objectives, methodology, sample of data are clarified. In the first chapter the author analyzes the essence of divestiture as a type of a company's exit strategy; outlines different motives for divesting; underlines conditions under which divesting can add value to shareholders of the company. The second chapter presents the main characteristics and results of empirical research conducted by the author.

- The methodology of research that is based on event study analysis is relevant.
- The thesis has a research nature and contains practical implications, though additional analysis is needed to evaluate their potential implementation.

The empirical data collected and processed seem to be valid. Estimation results are described and analyzed.

The quality of analytical approach could be evaluated as good. The quality of the thesis content could be evaluated as good.

It's also possible to provide some critical comments and questions:

- There is some inconsistency with basic terms. On p. 7 the author states that spin-offs split-offs are a type of divestiture, while in the table 1 (p.9-10) a split-off and a spin-off are treated as a separate type of exit strategy.
- The author pays a lot of attention in Chapter 2 to the analysis of results that are not statistically significant according to the tests conducted. The question arises about the mere possibility of interpretation of such insignificant results.
- Given the statistical insignificance of the major part of results, did the author try to adjust the parameters of her study, for example, the length of event window?
- It's stated on p. 38 that "it is unlikely to relate the findings of the current study to a similar study based on the sample of the developing market firms". It's not clear why the author didn't try to collect data on companies from the other emerging markets in order to compare results. This would have been a rational decision especially taking into consideration that the results on Russian market are rather unusual.
- It's written on p. 47 that "it should be taken into account that not all stocks of Russian firms experienced a negative abnormal return on the announcement day". It would have been appropriate to provide cases of companies that contradict the overall results and to analyze them in detail.
- The introduction part of the thesis lacks necessary elements. For example, the key elements of thesis such as goal and objectives are stated only in the abstract, but not in the main text.

Master thesis of Kristina Kiprskaya meets the requirements of MCF program, and deserves a "good" (D) grade, thus the author can be given the desired degree.

Date

12/06/2015

Referee:

Sen. Lect. Egor Nikulin

