

## REFEREE'S REVIEW

<b>Program:</b>	Master in Corporate Finance
<b>Student:</b>	Evgenii Stetciuk
<b>Title of thesis:</b>	The impact of Board of Directors' characteristics on firm performance(the case of global airlines industry)

<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.	5	<u>4</u>	3	2
<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.	5	<u>4</u>	3	2
<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.	5	<u>4</u>	3	2
<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.	<u>5</u>	4	3	2
<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.	5	<u>4</u>	3	2
<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.	5	<u>4</u>	3	2
<b>Quality of thesis layout.</b> Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	<u>5</u>	4	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 written by Evgenii Stetciuk is devoted to the topic of corporate governance, namely the peculiarities of impact of Board of Directors composition on performance (both accounting and market) of airline companies. This topic meets the requirement of MCF program.

The research conducted by Evgenii Stetciuk is done in rigorous manner, the student presents the solid literature review in the field of corporate governance, then the student gives the detailed analysis of the current situation in the airline industry. The empirical analyses conducted to test the formulated research hypotheses is solid and reliable. So the suggested Thesis generally meets the requirements of Master's program.

At the same time it is necessary to note that the research design of the Thesis can be characterized as a non-specific one. This is the main weak point of the reviewed Thesis. Actually, the research design of the Thesis can be used for the companies in any industry. So, the research didn't specify the general issues in corporate governance to the business specifics of airline industry. For example, to incorporate the resource-dependence perspective of corporate governance the variables *board size*, *board business* and *age of the board* are discussed. Later only the first one (*board size*) is included into the models tested. So, the perspective of different resources (expertise, knowledge, reputation, business linkages) are reduced to the very general category of the board size. But the resource for the company is not the BoD but the

directors' capabilities and their contributions to the company. The interesting and acute question of professional skills of independent directors in the Board is completely missed in the study; instead, the standard proportion of independent directors is assessed. As a result, the managerial implications of the Thesis are general and have rather limited relation with industry specifics.

#### Other comments

1) The paper deals with broad range of data on the airline companies from different countries. But there was no attempt to review the differences (at the level of descriptive statistics) in Boards of Directors' characteristics in companies from countries with different CG specifics: Anglo-Saxon, continental Europe, Asia, etc.

2) The three parts of the Thesis exist in a bit separate manner. For example, the Part 2 "Specifics of global airlines industry" has very limited interrelation with part 1 and 3, no clear suggestions for the empirical analyses (apart from fig. 8-10).

3) The GDP control variable describes the level of economic development of the country of residence. However, the logic why the GDP of a country should be used as a control variable for the business of airline company should be more straightforward. The airlines are engaged into the global traffic and alliances when the particular core/home airport (Istanbul, f.e.) is not the point of final destination but the hub or interchange point in the nexus of routes. In this sense, the level of GDP in the home country is not necessarily related with the success of the airline. In addition, the GDP per capita is a promising control variable (wealth of the citizens and business in the country), what was the reason not to use this parameter in the model?

So, in general,

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

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Referee:

Snr. Lecturer  
Marat V. Smirnov

