SCIENTIFIC ADVISOR'S REFERENCE

Program:	Master in International Business (MIB)
Student:	Nikolaeva Iuliia
Title of thesis:	Earnings management in companies seeking to be acquired and its effect on chances of subsequent acquisition

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.

The master thesis is devoted to a very disputable and actual topic of earnings management and its influence on the probability of companies to be acquired. The main goal of the thesis is to analyze an influence of accrual-based earnings management strategies and other factors on ex ante chances of subsequent acquisition of a target company that publicly announces that it is in search for a buyer.

The goal of the thesis and all the tasks are clearly stated in the work. The topic is very actual from the point of view of academics and practitioners. This is the first paper of this kind that combines the academic and practical issues emerging on the M&A market.

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.

The master thesis consists of four chapters. The first chapters are devoted to literature review, introduction of the main definitions and concepts. These chapters also bring the reader to the research questions of the thesis. Within the third chapter the sample and methodology are described. The last chapter is devoted to the results and managerial implications of the research.

The whole text of the thesis is very logic. The structure of the master thesis is designed to achieve the stated goal. The theoretical part provides the reader with all the necessary information to go on with the following empirical research. There is a close and clear alignment between all the structural parts.

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.

The objectives are presented in the proper way. The research problem is properly formulated. The research findings and their interpretation provide a substantial contribution to the link of such spheres as earning management and acquisitions. The author provides his own point of view on the research question and while preparing the literature review.

The theoretical and empirical parts of the research are in alignment with the research questions and help to answer all of them. All the latest trends in the relevant research sphere are taken into account while preparing the research.

I want especially highlight the literature gap that was defined by the author and the quality of the analytical work done by Iuliia. This is the first work of this kind where the author researchers this kind of questions so deeply.

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.

In the study the author prepares a sample of seeking buyer firms that issued respective announcements in 2010 through 2012, and by means of binary logistic and IV regressions defines the factors of a successful sale.

It is very complicated to obtain this kind of data. There are no databases where all the data can be downloaded. The information about seeking buyer firms was collected manually by the author.

Quantitative methods are used in the research. Regression analysis was chosen as the most appropriate tool for the stated goal.

All the data is relevant and well described. For the research econometric analysis is used with application

of all the necessary approaches to test the data. The list of references consists of up-to-date literature and includes the recent findings on the topic from peer-review academic journals.

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.

Iuliia has showed a perfect example of analytical thinking and research work by conducting the study and developing managerial application. Research methods are well justified and research results are correlated with the goal and objectives of the study. The literature gap is clearly defined in the Master thesis and the scientific and practical contribution is very obvious.

I would like again to mention a very new and unique approach to defining the goal of the Master thesis that is very interesting for both - academics and practitioners.

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.

As the topic is very actual, interesting, and applicable to practice, the interpretation of the results can be useful for different users. The practical application is clear and well formulated.

Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.

The Layout of the thesis is prepared according to the Regulations for master thesis preparation and defence. All the references are relevant.

The Master thesis of Nikolaeva Iuliia meets the requirements for master thesis of MIB program thus the author of the thesis can be awarded the required degree.

Date

Scientific Advisor:

Tatiana Garanina

Candidate Degree in Economics

Associate professor

Department of Finance and Accounting