

## REFEREE'S REVIEW

<b>Program:</b>	Master in International Business
<b>Student:</b>	Aleksey Korniychuk
<b>Title of thesis:</b>	Period of Sustainable Competitive Advantage as Implied by the Market: Comparison between American and European Stock Markets

<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			
<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			
<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			
<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.	5			
<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			
<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			
<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.	4			

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

### Additional comments:

The objective of this work is ambitious: to develop an equity valuation model that would incorporate the idea of sustainable competitive advantage (SCA), and to use it for assessing competitive advantages period (CAP) as implied by the market for comparison of potential competitiveness of the firms on different markets. The title, research questions and hypothesis are clearly stated. The structure of the work is logical. Theoretical part has close alignment with the practical one.

The first part "Theoretical Background" presents literature review on issue of SCA, first, from Strategic Management's point of view, and then as a subject of Finance, where the assessment of CAP is considered in the framework of time behavior of residual earnings. Analyzing classical valuation models and their modern improvements, the author argues assumption about non-linearity relations between residual incomes relating to different time. The second part of the thesis is devoted to elaboration of valuation model with non-linear information dynamics, developed by the author (pp.30-34) and consideration of methodology of further research for assessing CAP.

It should be mentioned that a general level of theoretical analysis displayed by Aleksey Korniychuk as well as the culture of offering results of his investigation surpasses normal level of Master Thesis's presentations.

The third part of the Master Thesis represents results of original empirical research aimed at statistical analysis of the difference in the periods of sustainable competitive advantage on American and European stock markets. Calculation of CAP for each from about 1000 companies was made on the base of elaborated model. Data selection and preparation, selecting research tools and methods, justification and interpretation of the empirical results are fulfilled at high professional level. The author investigates American and European markets. It is interesting to know his opinion about actuality and possibility of similar research for Russian market.

Unfortunately, there are a number of disappointing errors or misprints (?) in formulas (5), (6) on pages 15-16, (7) on page 18, formula (18) on page (34). It is doubtful, that expression (5) is followed from (2) under made suggestions, at least it can not include current index  $t$  on the right side; obviously, expression (6) is not equal expression (5), as the author states. Moreover, expression  $(\rho - X_0)$  in the numerator (see (6)) has no economic sense. Interpretation of correcting parameter "b" in the model (16) that is done on the page 33 is doubtful. The formula for calculation average growth rate  $g$  on the page 33 (no number) is wrong. But the critical comments do not diminish the value of the master thesis, dedicated to actual and laborious topic.

As a whole, submitted paper is coherent, thorough thesis on interesting and poor investigated topic that makes a valuable contribution in theoretical study the examined problem. The results of empirical research generate the important issues for further discussions and research. The author revealed independent scientific thinking in setting task, professional skills in using economic theory, management science and quantitative methods for solving the set problem, high culture of writing scientific paper.

Master thesis of *Aleksey Korniychuk* meets the requirements of MIB, double degree with HEC program, and deserves an "excellent" grade, thus the author can be given the desired degree.

Date; 26.09.11

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