

REFEREE'S REVIEW

Program:	Master in International Business
Student:	Alexandra Kulistikova
Title of thesis:	The influence of equity structure internationalization on the value of companies: the case study of Russian stock market

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.	5	<u>4</u>	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.	<u>5</u>	4	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.	<u>5</u>	4	3	2

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

Additional comments:

The master thesis lies on the point of intersection of value-based management (VBM) theory and corporate governance theory. The fundamental value of a company calculated using VBM models is considered as managers' objective and market capitalization is considered as the main goal of shareholders. Therefore exploring the relationship between the fundamental value of a company and market capitalization of a company is a very actual topic for the research. As a factor of influence on the closeness of relationship between these factors foreign ownership was employed. The main aim of the research is to explore the relationship between market and fundamental value of company and the influence of internationalization of ownership structure on the pattern of this relationship. All the research questions are very closely correlated with the main goal of the thesis.

The paper consists of two main chapters: theoretical and empirical. Both parts are well structured and aligned. The theoretical part provides a well done comparison of all the models. More analysis in the theoretical part should have been provided. All the chapters end up with the conclusion.

The sample was composed of Russian companies trading their common shares at RTS stock exchange. Initially there were obtained 87 Russian companies with foreign ownership currently trading their common shares at RTS stock exchange and 50 companies without foreign ownership. However after introducing some limitations, the size of the sample of companies with foreign ownership has decreased to 32 and that of a sample of companies without foreign ownership to 42. Further the author works with two samples. All the information is taken from SKRIN database and RTS web-site. The information is valid and well analyzed.

To answer the research questions 6 hypotheses are formulated. Still some of the hypothesis should be reformulated due to the rules of hypotheses formulation. The econometric models are presented in the

work only in letters. It is better to show in the model which variables are dependent and which variables are independent not just in letters y and x.

The current study covers the gap as there was almost no research where the influence of ownership structure on alignment of interest of managers and shareholders is studied. That is why the thesis is actual from the theoretical and practical point of view.

Therefore the main finding of the paper is that foreign ownership has positive influence on alignment of interests between shareholders and managers but the very fact of presence of foreign ownership does not increase market capitalization without corresponding increase in fundamental value. From the point of view of theoretical intake the current study contributes to the theory of corporate governance in the way it proves the link between equity structure internationalization and alignment of interests of owners and managers of companies. Also the study adds evidence on the comparable capability of VBM models to resolve agency conflict in the context of Russian stock market.

The most important contribution of the current study to the practitioners is in determining the value-based management model, which minimizes agency conflict in the circumstances of emerging market. Moreover the study reveals information on the different valuation of companies with foreign ownership and without. So this information can be used by investors for their investment decisions.

In general, the master thesis presents some concrete findings from the empirical analysis but has a bit fuzzy structure of empirical research. Too many econometric models are presented in the study and the difference between them is not clearly presented in the research.

The thesis has proper layout through the text. The formatting of the reference literature is done properly.

Master thesis of Alexandra Kulistikova meets the requirements of Master in International Business program, and deserves an excellent grade, thus the author can be given the desired degree.

Date: 16.06.2011

Referee:

Candidate Degree in Economics

Senior Lecturer,

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