SCIENTIFIC ADVISOR’S REFERENCE

<table>
<thead>
<tr>
<th>Program:</th>
<th>Master in International Business (MIB)</th>
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<td>Student:</td>
<td>Yulia A. Ladyzhenko</td>
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<tr>
<td>Title of thesis:</td>
<td>Factors Influencing Executive Compensation System: Evidence From Telecommunications Industry (USA)</td>
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**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 executive compensation system and evaluation of managers’ performance. The main goal of the thesis is to define the relationship between a set of factors and executive compensation system to develop recommendations which will enable companies to imply better corporate governance practices in their management process.

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.

**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 three sections: Literature Review, Empirical Research and Results. The first section starts with the discussion of fundamentals of corporate governance, exploring the definition, systems and different approaches. The second part of the current research is devoted to describing of the empirical research. The last section of the work contains the set of developed recommendations on effective executive compensation in telecommunications industry in the USA. The whole text 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 main research questions are the following:
1. What performance metrics and financial ratios are used in evaluating pay-performance relationship?
2. How various performance measures are used in a particular industry?
3. Is there a correlation between firm performance and managerial pay?
4. What is the relationship between executive compensation system and measure of risk-adjusted firm performance – market value added?
5. What are the differences in the pay-performance relationship before and after the financial crisis of 2008?

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.

**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.

The data includes all companies from the telecommunication industry which are publicly-traded on NYSE. All the companies which were chosen did their IPO in 2004 or earlier. All the companies are headquartered in the United States of America. The final sample is comprised of 15 companies.

The following data is used for the period 2004-2010.
1. Annual companies’ statements which are issued to shareholders.

All the data is relevant and well described. For the research econometric analysis is used with application of all the necessary tests used for Panel data analysis (F-test; Breusch-Pagan test; Hausman test).

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.

The student's attitude to the work was diligent during the whole period of academic program. The level of qualification of the student is very high. The results of the work can bring contribution both to the academic sphere in the field of Corporate Governance and to the practical sphere as it brings practical recommendations to managers with emphasis on telecommunication companies.

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, so the theoretical background is very closely related to the International and Russian managerial practice. All the results of empirical research are clearly interpreted and can be used as real steps for managers in order to influence managerial performance system and executive compensation system.

Quality of thesis layout. Layout fulfills 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 Yulia Ladyzhenko meets the requirements for master thesis of MIB program thus the author of the thesis can be awarded the required degree.

Date

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