

REFeree'S REVIEW

Program:	Master in Corporate Finance
Student:	Tautiev Georgiy
Title of thesis:	Influence of hedging on firm value: US airlines experience

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.	4			
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			
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.	4			
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.	4			
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.			3	
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.			3	
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.				

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:

The goal of the paper corresponds to the research title, the objectives are clearly stated and support the achievement of the main goal. There is a doubt of the necessity of the third objective (p. 8) as the definition of the variables that influence the company's ability to hedge brings little value to the research question of the hedging affect on the company's financial performance. Any way all the objectives were achieved as well as the main goal. Also the thorough choice of the industry of interest shall be pointed out as the strength of the paper.

The paper is well structured. The hypotheses are supported by the literature overview and tested further in the empirical part of the study.

The chosen tools (regression model) suit the goal and objectives of the research. However it should be mentioned that the author put more attention to the deriving factors of company's ability to hedge rather than investigate the influence of hedge on firm's value.

The sample selection criteria and the summary statistics of the variable are described by the author. The question is whether the choice of 10 airlines is sufficient to build regression models.

Two out of three hypotheses which state the author are devoted to the factors of company's hedging activities, while only one hypothesis is connected to the research topic, i.e. the hedging as a factor of financial performance. The statistical analysis started at page 26 has little to do with the research objectives.

The analysis was driven by observations of the subsamples mainly; the paper does not reflect any statistical test for mean/ deviation equality of the subsamples, so the conclusions of subsamples means (see tables 4 and 5) were not statistically verified. Does this difference in the means significant?

Moreover the paper lacks the evaluation of regression model which I supposed to be of the main interest of the paper. Approximately 1,5 pages of the research were devoted to the regression model of hedging influence on company performance. The author drives pretty no conclusion from the built up model. Considering Table 7 (p. 30) and assuming the significance of the variables is marked as usually with *'s, the conclusion of 1% significance level of variable “% of next year’s fuel requirements hedged” is invalid as the variable is marked with no star in the table. Hopefully it is a copy-paste mistake in the Table 7.

The managerial application of the research is not clearly seen. Despite the proven fact of hedging positive on corporate value the author does not provide any sphere of research results application neither for theoretical base development nor for day-to-day managerial application. The limitations of the conducted research and propositions for further studies are also absent in the paper.

The overall layout of the paper is satisfactory despite the fact that some tables/ figures has no reference in the text, their purpose is unclear. For example, p. 12 states that there is correlation between oil prices and jet fuel price and provides figure 2 which does not prove the statement showing the prices co-movements, the figure shows only fuel price reasonless.

Master thesis of Tautiev Georgiy meets the requirements of the Master in Corporate Finance program, and according to the reviewer’s opinion deserves a/an “good (D)” grade, thus the author can be given the desired degree.

Date: 08.06.2017

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