# REFEREE'S REVIEW

| Program: | MIB |
|---|---|
| Student: | Bowen Zhang |
| Title of thesis: | Ownership Structure and Intangible Assets Performance Evidence from Chinese Listed Companies |

| | | | | |
|---|---|---|---|---|
| **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. | 5 | 4 | <u>**3**</u> | 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 | 4 | <u>**3**</u> | 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. | 5 | 4 | 3 | <u>**2**</u> |
| **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 Bowen Zhang's Master thesis is aimed to examine the relationship between ownership structure and intangible assets performance. In addition to that, the author also decided to testify how different types of ownership may influence company's intangible assets accumulation.

In his master thesis the author proposed seven hypotheses. Among them the most interesting, from my point of view, is the idea that "management shareholding proportion has a positive correlation with company's intangible assets performance." By the way, according to the author's findings, this idea is considered to be supported. Namely: management shareholding is beneficial to intangible assets accumulation. Moreover, as author states, "as the percentage of shares hold by manager increases from 11.2% to 100%, which demonstrates that management shareholding really give incentives to company managers promoting intangible assets accumulation" (author's grammar is retained, p. 34).

The author begins with the ownership structure study (China included) followed by analysis of intangible assets study (China included). Later, he focuses on intangible assets

performance and ownership structure. Afterward he presents assumption, hypothesis and methodology. He ends up presenting data sources and sample construction. The paper ends by hypothesis justification and discussion. It seems to me that the structure of the paper and its logic correspond to each other.

**As for strong points** of the Master's thesis as a whole. It is evident that her paper is independent scientific research. I do think that this study is able to convince a reader that in China state ownership may bring some benefit to a company. At the same time "absolute government control is recognized negatively by the market". I would agree with the author that "the more shares management gets, the more incentive for them to improve intangible assets performance, and the more positively market reacts". (p. 36)

**As for weak points** of the Master's thesis. From my point of view it is a kind of "research for the sake of research". The author did use two different intangible assets evaluation methods (Tobin's Q and Value Creation Efficiency Analysis). The problem is that both of them are far from being ideal measurement tools. Let's take Tobin's Q, for instance. As we know it reflects *at once several phenomena* - monopoly position of a manufacturer, market conjuncture, and the use of intangible assets. That's why its value and its dynamics should be correctly interpreted. As Tobin's Q inevitably "catch" a stock market conjuncture, so its value can substantially distort an estimation of IC of the commercial companies. (Another question - how to use Tobin's coefficient for non-profit organizations?) So, before using this or that indicator it is necessary to convince the reader in validity of a used method.

**The paper is formed and designed in accordance with the required standards.**

**General conclusion**: the master's thesis by Bowen Zhang meets the requirements for Master's thesis of MIB program and deserves a "good" grade, thus the author of the thesis can be given the required degree.

12.06.2011

Chair of strategic and international management
Associated professor

Vassily K. Dermanov