XXX

Coordinator Graduate Research

Department of Management Sciences

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Subject: **Research Report Evaluation of Mr. XXX**

I feel honored to serve in the role of an external examiner of the MS thesis entitled, “*Effect of Size and Value Premium in Listed Companies of Karachi Stock Exchange*” by Mr. XXX. I have examined the thesis and enjoyed it reading. Following are my observations, which are duly categorized as major, moderate, and minor.

**1. Major Concerns**

**1.1 Title of the thesis**

The title of the thesis “*Effect of Size and Value Premium in Listed Companies of Karachi Stock Exchange”* seems incomplete as it is not clear that the effect of size and value premium is investigated on what?

**1.2 Plagiarism and rephrasing**

There is a serious issue of plagiarism with the thesis. I would call it a foolish and blatant plagiarism. The thesis at hand has copied the sequence, structure of arguments, and some places the text of the paper “Size and Value Premium in Karachi Stock Exchange” by Nawazish Mirza and Saima Shahid, The Lahore Journal of Economics 13 : 2 (Winter 2008): pp. 1-26. In copying from the paper, the student has not checked even the relevance of the text for his thesis. For example, compare the last paragraph on page 46 of the thesis with the last paragraph on page 19 of the paper. The thesis text reads " *in six size to value portfolios, the results were significant for four portfolios (B/H, B/M, B/L, S/H while in S/M and S/L....*”, whereas fact of the matter is that the thesis at hand has not used such symbols as B/H, B/M etc. for portfolio names, these are used in the said paper. Second, the thesis has used 12 portfolios, not six portfolios. Instead, the said paper has used six portfolios.

Throughout the thesis, the student has tried to replace only the key words of the paper with synonyms from MS Word while leaving the rest of the sentence unchanged. Just as an example, compare the second and third paragraph of the thesis on page 14 with the paragraph 4 and 5 of the mentioned paper on page 5. This paraphrasing has resulted in excessive use of inappropriate words. For example, the thesis uses ‘*budding market’* for the term ‘emerging market’, page 14, second paragraph. Similarly, many meaningless sentences are present in the thesis. For example, ‘…*the effects of the study affirm the vicinity of noteworthy size yet the BTM*….’ Page 14, or ‘…*trading volume have the uppermost expounding power in most of the countries*.’ Almost 8 to 12 such meaningless words and sentences exist on each page which I have highlighted with ‘inappropriate or inapp’ or with ‘X’ in the hard copy of the thesis.

**1.3 Literature review**

The good thing is that the literature review section is detailed; however, it is difficult to call it a literature review. It is more like an account of independent summaries without coherent arguments or logical flow. The thesis has only summarized the empirical evidence. There is no building up of arguments or review of underlying theories. Moreover, the starting page of the literature review section i.e. page 10, seems to be a mix of random words and alien phrases. Perhaps, a Google translation of English into Russian into English will produce such a write-up. Perhaps, this is the result of the reasons mentioned in section 1.2 above. It is therefore suggested to (i) organize the literature review such that theoretical underpinnings are discussed first and then present the empirical evidence in support or against each theory (ii) proofread the literature review and remove all inappropriate words without copying the structure and text of others.

**2. Moderate Concerns**

**2.1 KSE 2008 crisis**

The study uses sample period from 2004 to 2011 whereas in the year 2008, KSE experienced a steep downfall from 14000 points to 5500 points. This was an abnormal period by all standards and did not show normal behavior of the market. This might have a significant impact on the results of the study but the study has not controlled for this possibility. The study can do so by splitting the sample period before and after the KSE crash and see whether the results change significantly.

**2.2 Five years survival criteria**

The study imposes 5-year survival criterion, which results in the elimination of many firms. Such a strict criterion is not supported by arguments. The original work of Fama and French (1993) had imposed a survival criterion of 2 years. Therefore, the thesis should properly justify the selection of this criterion.

**3. Minor Concerns**

3.1 Typo in Equation on page 32, in the text Rm – Rf

3.2 There is no description of different symbols used in Table 9 and others. For example, it is not clear what do t(a), t(b) etc. indicate.

3.3. Table 10 appears in the thesis, but there is no discussion on its relevance to the analysis.

3.4. There is contradiction in the text with regard to weighting the portfolio returns. On page 38, line 8, the text reads “*…returns are weighted according to their contribution in the portfolio…”* and on page 39, last paragraph reads, “...*equally weighted portfolios were built*…”

3.5 . There is contradiction in the text with regard to sample size. On page 36, Table 1 reports final sample of 208 firms, whereas Table 3 on page 40 shows a final sample of 209 firms.

3.6. Equations are not serially numbered.

3.7 The following references appear in the text but are not given in the bibliography.

Cook and Rozeff (1884)

Lam (2002)

Stateman (1980)

Rosenburg (1985)

Basu (1977)

Basu (1983)

Bhandari (1988)

Pontiff and Schall (1998)

Kothari and Shanken (1997)

Djajadikarta and Nartea (2005)

Bryat and Eleswaparau (1997)

Vos and Pepper (1997)

Lewellen (1999)

Aydogan and Gursoy (2000)

There are many others which need to be checked for.

In my opinion, if the above corrections are incorporated in the research report, they would add significant value to report which then would merit public defense and award of MS degree.

Regards

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