

Review of: "Determinants of Dividend Payouts in Ethiopian Private Banks: A Firm-Specific Analysis"

Chandra Gupta¹

¹ Lal Bahadur Shastri Institute of Management

Potential competing interests: No potential competing interests to declare.

Comments on

Determinants of Dividend Payouts in Ethiopian Private Banks: A Firm-Specific Analysis

Due to the following reasons, we rate the article as **POOR**.

- The article should clearly and implicitly state the motivation for the article – Why this study? We expect that the author should mention the motivation in the article, which is missing.
- Why does the title have 'A Firm-Specific Analysis'? It gives us the feeling that the results of the study will be applicable to 'a firm' and not to the banking sector as a whole. This means that the conclusions lack 'generalization'.
- The literature review is not properly highlighting the research issues and research gaps.
- In the area of Finance, the financial ratios used are not standardized. Different people may use different definitions for the same ratio. For example, some people define ROI as Operating Profit/Total Assets, while some other people define ROI as Net Income/Total Assets. Therefore, it is imperative on the part of the author to explicitly define each ratio/measurement of, say, profitability and the most important thing is – 'Why that definition?' The author has defined ratios but without any explanation about them. For example, while defining Liquidity – why did the author ignore 'investments'? Investments are usually in marketable securities, which are highly liquid. Further, while defining Leverage, the author has taken all liabilities (Outsiders), which includes deposits as well. Should a deposit be considered as 'debt' of a bank, or is it the raw material of a bank with which it does business?
- The methodology used is faulty. The estimator used for the regression model is OLS. Since the regression model used is a 'Dynamic Panel' because it uses the lag term of the dependent variable, applying OLS to the Dynamic Panel Model produces biased and inconsistent results, which are not acceptable. Therefore, the results obtained through OLS are not at all acceptable, and hence, the conclusions derived from the same.
- The communication in the article is not worthy of a research article.

Seeing all these, it is recommended that the article is of poor quality.