

Review of: "Determinants of Internal Financing: Small and Medium Enterprises in Pakistan"

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Potential competing interests: No potential competing interests to declare.

Abstract

- a. Have not written about new findings that are different from previous research.
- b. Policy implementation is less specific according to research results.
- c. No keywords

1). The Importance and Problems of Small and Medium Enterprises (SMEs)

- a. The SME problems described are too general.
- b. Lack of citations or reference sources for the weaknesses of SMEs that have been explained.
- c. "Naoyuki and Farhad (2019) have identified several difficulties for SMEs in accessing financing and suggested ways to mitigate these challenges. They provide mechanisms to facilitate SMEs' access to financing. They suggested several ways to overcome the financial problems of SMEs." However, the suggestions from the two researchers were not explained.
- d. "To develop credit information infrastructure, improve credit guarantee schemes, and utilize appropriate credit rating techniques are among the recommended steps." Does this sentence still come from Naoyuki and Farhad (2019), if not then the source/citation needs to be stated.
- e. The problem of SMEs in South Asia is mentioned, but the problem of SMEs in Pakistan has not been raised.

2) Literature Review: Company Size and Financing

- a. The citation sources are less updated considering most sources are under 2000, please consider including the latest sources.
- b. In the last paragraph of part 2) it says:
 - 1. "This research is mainly concerned with identifying factors for increasing internal equity", but it is not stated what these factors are.
 - 2. "This research also differentiates dividend payment patterns between small and large companies." Is this also the aim of this research? Because it doesn't match the title of the article.

3) Determining Factors of Internal Financing: Data and Research Methodology

- a. In section 3 there are several writings of the words "equation above" which should be written "what equation" for example: equation (1), equation (2), etc.
- b. The results of the determining factors of the three equations or three models have not yet been shown.
- c. You should read the results of running data from each research model.
- d. FEM model for the 'SURPLUS' function, for OLS conditions it is necessary to add a dummy variable.

4) Results and Conclusions

- a. In the second paragraph, the second sentence is written: "... control variables have been added to the regression analysis". Is it necessary to add control variables in the regression, instead of the regression showing a direct relationship between the dependent variable and the independent variable?
- b. In the last paragraph with the final sentence as follows: "This is one of the obstacles to the growth and survival of small and medium enterprises (SMEs)". This statement is not based on the results of research on SMEs in Pakistan.

5) Policy Implications and Limitations

- a. In the first paragraph, it says "This study provides a tool for assessing appropriate levels of internal funding." What is meant by "device" here. If there is a device in question, it would be good to mention it.
- b. At the beginning of the sentence in the second paragraph, it says "From an investment policy point of view, small and medium enterprises (SMEs) must pay smaller dividends compared to large companies." There should be no need to compare large companies with SMEs, because they are clearly different.
- c. Implications of monetary policy by establishing a special financial institution for SMEs, is it necessary? Aren't there already banks that can provide financing facilities to SMEs with lower interest rates with different financing criteria?

Regards,

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