

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

Elisabete Vieira¹

¹ Universidade de Aveiro

Potential competing interests: No potential competing interests to declare.

I hope my comments can help the authors improving the paper:

- Page 2: The author has already written "small and medium enterprises (SMEs)". So, from here on, they must only write SMEs. Please, verify it along the text, because the same happens more times;
- The same comment for the expression "panel least square (PLS)", and the variables names. Please, verify it;
- Pages 2-3: The author have a lot of text without studies to support the ideas: "Despite the economic and social... the enhancement in the capital base is required to get competitive advantages". I think they must give some examples of studies (and they exist);
- Page 4: "Mehar (2002)" is not on the list of references (at least, I did not see it);
- Page 4: "The role of insiders and governance in debt financing has been widely covered in these studies under the implications of agency theory. Similarly, the pecking order theory establishes the relations between types of assets and sources of financing." The author mentions the theories, but not the authors associated. Please, refer the authors associated with both the theories;
- Page 4: "The pecking order theory categorizes financing into three major classes: Equity financing, long-term debt, and short-term debt.": The 3 classes are: internal financing (self-financing); debt and equity (it does not divide in the 3 categories the debt in short and long term);
- Page 4: "According to this theory, the preferable source of financing may be varied for working capital, intangible assets, and fixed assets.": Assets are not sources of financing. They are investments, and you need to finance them with sources of financing. Please, clarify this sentence;
- Section 2: Review of literature: the author gives a vast number of examples of classic studies, such as (Gordon: 1962a, Myers and Majluf: 1984, Miller and Modigliani: 1958, Miller and McConnell: 1995, Shleifer and Vishny: 1986, Glen and Pinto: 1994, and Harriss and Raviv: 1991), which is well done. However, there are missing empirical recent studies. Please, give some examples of recent studies;
- Page 7: "The size of a company in this study is defined by the magnitude of total assets (TOTAST)". Did you consider the total value, or the logarithm of the total value? With total value, you can have econometric problems because of the different values of variables;
- Table 2 and correlations: what are the unit of measure of the variables? I have concerns about:
 - the different measures;
 - the outliers;

- the correlation between variables.
- The author must clarify these issues;
- Section “Results and conclusions”. The author must improve this section, namely by comparing their results with other studies;
- References: The references are not presented by chronological order. Verify it;
- References: there are 22 references in the list of references that do not appear in the text. Please, verify it carefully.

Some examples:

- Berman, B. (2014)
- Brassell, M., & King, K. (2013)
- Wong, C.-Y., & Eng, Y.-K. (2019)
- Czarnitzki, D., Hall, B. H., & Hottenrott, H. (2016).
- De Rassenfosse, G., & Fischer, T. (2016).
- Griffith, E. (2014).
- Gates, S. T. (1999).
- Hall, B. H., & Lerner, J. (2010).
- Hsu, D. H. (2004).
- International Trade Centre. (2019).
- Lerner, J. (1995).
- Lintner, John. (1965).
- Ayyagari, M., Demirgüç-Kunt, A., & Maksimovic, V. (2019).
- Mehar, A. (2005a).
- Mehar, A. (2005b).
- Nanda, R., & Rhodes-Kropf, M. (2013).
- Yoshino, N., & Taghizadeh-Hesary, F. (2019).
- Uy, M. A., Foo, M.-D., & Ilies, R. (2015).
- van Burg, E., Romme, A. G., Gilsing, V., Reymen, and I. M. J. (2008).
- Hochberg, Y. V., Serrano, C. J., & Ziedonis, R. H. (2017).
- Acs, Z., & Audretsch, D. B. (1990).