



SDI Review Form 1.6

PART 1:

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2013_BJEMT_4125
Title of the Manuscript:	The application of Principal Component Analysis in the Selection of Industry Specific Financial Ratios
Type of the Article	Research paper

General guideline for Peer Review process is available in this link:

(<http://www.sciencedomain.org/page.php?id=sdi-general-editorial-policy#Peer-Review-Guideline>)

- This form has total 7 parts. Kindly note that you should use all the parts of this review form.



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PART 2: Review Comments

	Reviewer's comment	Author's comment <i>(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)</i>
<u>Compulsory</u> REVISION comments		
<u>Minor</u> REVISION comments	1. It would be better that the manuscript has been checked rigorously before submission. There are many typing errors (subscript, superscript and red characters) should be corrected on lines 160-168 and 281. 2. The proportion of total population variance due to each principal component and the communalities of chosen variables are important indices for PCA. So that even the research has chosen the factors whose eigenvalues are greater than one, stating the indices mentioned above will make the results more worth referencing and persuasive.	Amendments are made to all relevant areas mentioned. The suggestions have been taken up and included in the manuscript and highlighted in yellow. The communalities and the total variance explained have now been included.
<u>Optional/General</u> comments	This study explores the selection of financial ratios which are significant from a set of ratios by using PCA. PCA is one important and useful method of data reduction. Overall, the study grasps the focus and the topic is interesting. As the study said, the ratios that were found to be significant may not similar within different time periods due to changes in the economic environment. This paper uses the data from 2006 to 2010 which include the Global Financial Crisis (2007-2008). I propose that the data can be divided into two or several groups according to the periods which contain the GFC or not, and then discuss the similarities and dissimilarity of effects. I believe that the conclusions will be interesting and this paper will be more valuable.	This is absolutely true as ratios found significant now may not be significant in another time period. To do as what is suggested, we may have to come out with a different paper with some changes in objectives. Though we agree that this paper may be more interesting if we do as suggested, perhaps we can look into this for another research paper. Very respectfully can we decline on this suggestion.