



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 (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)
<u>Compulsory</u> REVISION comments	Abstract, Conclusion: The authors wrote that a small set of representative ratios are sufficient for the assessment of financial performance. However, this statement is too general. To be precise it should be expressed with an addition such as 'for the present data' and then 'a small set ..'. Viz., the results computed for one country and a given period of 5 years do not enable a conclusion that seems to be general without binding it to some region and period. p. 4, lines 160-168: Check all mathematical symbols and write them in a consistent way throughout the text. At least in the text printed by the referee many of them are somehow corrupted so that one has to guess what was meant; Line 160: Absolute value of t is written equal to 1. This seems to be irrelevant, because t is only used later to indicate transpose of vectors. Further, there is 'ltY'. Obviously, t should be transpose symbol, i.e., superscript. Write l in Italics. Line 162: The subscript of PC should be i, not 1. Line 163: There is '$1l$'. Write '1' as subscript and l in Italics. Line 168: There is 'li'. Write l and i in Italics and i as subscript. Obviously, subscript 2 should be i. Line 177: Why were only factors with eigenvalues greater than 1 considered? Give an explanation.	



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	p. 8, lines 303-304: There were 70 companies from one group and 40 from the other. Give an explanation for this choice. For statistical reasons, it would have been reasonable to use equal numbers so that the distribution would be uniform between two types of companies. The choice applied was also slightly strange, since on line 323 it was written that these numbers of companies represented 50% and 23% from the whole data indicating that there were sufficiently companies to select, for example, 70 from both groups. When the original numbers of all companies were obviously 140 and 174, respectively, another natural choice (if the uniform distribution had not been employed) would have been to follow this distribution, in other words, to take according to the ratio of around 140/174 that is to say for 7 companies from the one to take around 9 from the other and these repeatedly. This choice would have been the best in the statistical sense that it would have followed the actual distribution among all companies of these two types. After all, the idea was, of course, to represent the data as well as possible.	
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<u>Minor</u> REVISION comments	p. 2, line 63: Add 'of' to the end. line 78: investigates → investigate p. 3, lines 92 and 94: The phrase 'in this study' appears both at the beginning and end. Remove one of them. p. 4, line 179: asd → as p. 5 and p. 6, Section 3.1: The seven variables selected were written with Roman numbers on p. 4 and with Arabic numbers on p. 6. This is slightly misleading, because a reader may at first understand that they are not the same. Use only one of these ways to express them. p. 6 and p. 7, Section 3.2: The same remark as the preceding one. p. 7, line 277: present → presents Lines 278 and 279: Move 'each' after 'for' and add 'of' after these. Line 281: show → shows	
<u>Optional/General</u> comments		

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