

Editor's Comment:

This paper on Performance Measures and Earnings Management in Nigeria definitely has the potential to evoke interest amongst academicians and practitioners.

The author has also addressed the comments of the reviewers.

The author's work is quite good statistically. But I just have the following questions/observations out of curiosity:

- The author concludes that non-financial measures are positively linked to earnings management but not significantly. In his study, he has included about three non-financial measures focused on customer and employee perceptions about quality. So, the conclusion should be only with respect to the non-financial measures chosen. In my view, there are some non-financial measures like statutory audit quality, strength of internal audit, strength of legal institutions etc. that can significantly impact earnings management. The process followed for selecting non-financial measures needs to be elaborated. In the literature survey, the author himself has quoted studies like those of Edvinsson & Malone (1997) and Lillis (2002) that mention variables like strength of corporate culture, board size etc. that significantly impact earnings management.
- As regards the financial measures, the author's conclusion that the negative relationship between earnings management and selected financial measures shows that the less profitable companies only resort to earnings management may need to be further tested. It is also not clear whether the author's sample of companies had both profitable and not so profitable companies. Perhaps, in the sample, there were only profitable companies given that customer perceptions about the quality of services offered by the company was one of the criteria used for selection of companies.

Editor's Details:

Dr. Satinder Bhatia
Indian Institute of Foreign Trade, New Delhi, India