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.

Author's feedback :

The non-financial performance variables employed are customer's perception about quality and value of the company's products as well as employees' satisfaction about training and degree of empowerment of the company. The justification for the selection of the non-financial variables is as stated in the literature review (1.12). However, I agree with the Editor that the conclusion should be limited to the variables employed in this study. Consequently, the conclusion has been amended as follows:

"Non-financial performance measures used in this study have insignificant positive influence on earnings management".

(2) **Financial Measures**
Companies were selected based on the degree of spread within the Country and less influence of individuals on the management of the companies rather than whether the company is profitable or not. As a matter of fact, eight of the companies reported losses at one time or the other within the study period. My conclusion is based on the result of the analysis as follows:

Growth ($\alpha_3 = -0.778;\ t = -2.101\ and\ \rho = 0.047\ > 0.05$). These values indicate that a significant negative relationship exists between Growth and discretionary accruals. Therefore, if all other independent variables are held constant, every 1% increase in Growth will reduce discretionary accruals by 0.778 points.