

## **RESPONSES TO REVIEWER C**

*Firstly, we would like to thank you for the time taken to review the paper and for the many helpful comments you provided. We have tried our best to fully implement improvements as suggested.*

*Please refer to our responses in Italics below.*

This study examined earnings management through loss avoidance in South Africa. Research on this is important because South Africa is an emerging nation. The author cited suitable literature and clearly explained related theory. BD (1997a) conducted an essential study on earnings management, especially regarding earnings thresholds; however, although the research method was suitable, whereas does research sample has been joined banking? The operating environment of banking is different from that of other businesses. ✓

- *This has been addressed with a discussion and graphical presentation in Figure 5 and Figure 6.*

In addition, the author cited related literature that only covers up to 2010; new literature from 2011 to 2014 is required. ✓

- *Throughout the paper, we have included additional and more recent literature.*

Finally, on page 8, the author claimed that “**SA is not without its fair share of corporate scandals, therefore there is a need for earnings management research within a South African context**”. This is confusing and requires explanation. ✓

- *This was addressed on pages 10 – 11.*

The author also stated “**The Burgstahler and Dichev (1997a) study was performed on US companies for the period 1976 to 1994, however there are several factors that create a need for the research to be replicated in subsequent periods and specifically in SA**”. What “several factors” refers to and why these factors must be replicated in subsequent periods and, specifically, in South Africa is unclear. This paper can be published in SAJEM after revision based on the aforementioned suggestions. ✓

- *This has been addressed on page 10 and 11.*

Sincerely

Regards

Reviewer 2014/11/14

Authors 2015/07/29