Peer Review

Review of: "ESG Performance and Firm Financial Outcomes: A Cross-Country Analysis of Developed and Emerging Markets"

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The introduction establishes the relevance of ESG effectively but tends to be repetitive, with an overemphasis on prior literature. Although research objectives are stated, theoretical and practical contributions are not explicitly distinguished. The research gap is mentioned only broadly and would benefit from stronger empirical support (e.g., data illustrating the concentration of ESG research in developed markets).

The theoretical foundations (stakeholder theory, RBV, institutional theory, agency theory) are comprehensive, yet their direct links to the study's variables are not consistently elaborated. Hypotheses remain normative and do not sufficiently engage with studies reporting contradictory findings (e.g., neutral or negative ESG–performance relationships).-> Establish stronger connections between theory and the specific variables (e.g., how governance mechanisms might influence Tobin's Q in emerging markets).

The methodology section is detailed but occasionally too descriptive, resembling a dataset note rather than a methodological discussion. The choice of Bloomberg ESG scores as the primary measure is not critically justified, despite ongoing debates about their validity. Control variables are extensive but lack theoretical justification. While the use of 2SLS is appropriate, the validity of the chosen instrument (industry-average ESG scores) is insufficiently defended. -> Provide a justification for choosing Bloomberg ESG scores, highlighting their advantages compared to other databases (e.g., Refinitiv, MSCI); Explain the theoretical or empirical rationale for each control variable.

The results are systematically presented, yet tables are dense and could overwhelm readers without strong narrative synthesis. The discussion focuses primarily on statistical significance rather than on the economic magnitude of the findings (e.g., what a one-point increase in ESG means for ROA). Heterogeneity at the industry level is not explored, despite the inclusion of fixed effects.-> Discuss negative or insignificant results (e.g., governance in emerging markets) more deeply.

Declarations

Potential competing interests: No potential competing interests to declare.