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Peer Review

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

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This is a high-quality and timely research paper that addresses an important topic in the fields of finance and corporate strategy. The authors are to be commended for their ambitious undertaking, which involves a large cross-country panel dataset and a methodologically rigorous approach to addressing endogeneity. The paper is well-structured and clearly written, making the arguments and findings easy to follow. The central contribution—comparing the ESG-performance nexus across developed and emerging markets—is valuable and addresses a well-defined gap in the literature. While the paper is strong, I have several comments and suggestions that I believe will further strengthen the manuscript for publication.

1. Introduction

This section is very well executed. A minor suggestion would be to briefly allude to the potential policy implications in the final paragraph of the introduction to further underscore the study's relevance from the outset.

2. Literature Review and Hypothesis Development

The manuscript is well-grounded in established theories, including Stakeholder Theory, the Resource-Based View, Institutional Theory, and Agency Theory. This provides a robust conceptual foundation for the study. To further enrich this section, the authors could briefly discuss any conflicting or inconclusive findings in the prior literature. This would help to emphasize the ongoing debate in the field and further justify the need for this comprehensive cross-country analysis.

3. Methodology

The authors mention conducting a "weak instrument" test and state that the IV is robust. It is standard

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practice and highly recommended to formally report the results of this test (e.g., the first-stage F-statistic) in the main results tables (Tables 5 and 6) or in an appendix. This would provide quantitative evidence of the instrument's validity to the reader.

4. Results

The correlation matrix (Table 4) shows very high correlations between the aggregate `esg` score and its `env` (0.886) and `social` (0.919) pillars. While this is expected, it would be good practice to explicitly mention in the methodology section that multicollinearity was checked (e.g., via Variance Inflation Factors - VIF) and confirm that it is not a major concern for the disaggregated models where each pillar is tested separately.

5. Discussion and Conclusion

The discussion could be slightly enhanced by more directly comparing the paper's specific findings to those of other key studies.

6. References there is missing one reference. The paper cites “Singhania & Saini, 2023”. The citation must also be in consistent manners. The in-text citation format is inconsistent throughout the manuscript. There are examples of bracketed superscripts, while others are author-year system. Please check again.

Despite the comments given, this is a well-executed and valuable contribution to the literature. The strengths far outweigh the weaknesses, and the issues I have raised are fixable. Therefore, I recommend that this manuscript be **Accepted with Minor Revisions**.

Declarations

Potential competing interests: No potential competing interests to declare.

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