Peer Review

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

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- **Introduction** is well-structured but keep the flow from general ESG importance to empirical gap, research question, methods, and contributions in a slightly tight chain.
- In the introduction, some parts are formal academic and others explanatory. Keep a uniform scholarly tone.
- **Methodology:** The regression equation appears cluttered ("Firm-Performance Firm-Performance…"). Presenting them cleanly (with numbering) will improve readability.
- Some explanations are repeated (e.g., robustness tests mention "alternative measures" twice). Streamline the methodology in a more academic way.
- Scholars give a strong rationale for industry averages, but it could be phrased more briefly while still sounding rigorous.
- Also, merge "Additional Estimations" and "Robustness Tests" into one section with sub-points.
- The manuscript uses both 'endogeneity test' and 'Hausman-Wu test' interchangeably. For clarity and consistency, please standardize terminology.

Table 6: ESG and Tobin's Q (Market Valuation)

- After every table interpretation, mention the brief takeaway from that interpretation, such as from Table 6: ESG as a value-enhancing factor, with developed markets showing stronger overall valuation effects, but environmental and social dimensions stand out in emerging economies.

Overall Narrative (Tables 3–8 combined):

- ESG is consistently enhancing performance measures (ROA, Tobin's Q, ROE, OCF/TA).
- In developed countries, ESG boosts market valuation (Tobin's Q) and ROE strongly, especially through environmental and governance pillars. Whereas, ESG drives cash flow efficiency and valuation via environmental and social practices, reflecting transition economies' sensitivity to sustainability and CSR. Robustness checks confirm the stability of results across accounting, market, and cash flow measures.

Discussion:

- Ahmad, S., Mohti, W., Khan, M., Irfan, M., & Bhatti, O. K. (2024). Creating a bridge between ESG and firm's financial performance in Asian emerging markets: catalytic role of managerial ability and institutional quality. *Journal of Economic and Administrative Sciences*
- *Ahmad, S., Mohti, W., & Irfan, M. (2024). Does Institutional Quality and Managerial Ability Drive the Association between ESG and Firm Performance: Evidence from Emerging Asian Markets. Foundation University Journal of Business & Economics, 9(2), 252-271.*

The discussion could be strengthened by incorporating recent studies from Asian emerging markets (Ahmad et al. 2024a, 2024b), which highlight institutional quality and managerial ability as catalytic factors shaping ESG–performance links. This would contextualize your findings on the weaker role of governance in emerging economies.

Summary & Conclusion

- Very clear recap of data, methods, and findings, and strong policy implications.
- My suggestion is to merge overlapping points like positive association and end the research article with a final take-home message that ties ESG performance and policy.

Declarations

Potential competing interests: No potential competing interests to declare.

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