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REVIEWER'S REPORT

Manuscript No.: IJAR-56255

Title: CORPORATE GOVERNANCE AND CAPITAL STRUCTURE IN EMERGING ECONOMIES: INSTITUTIONAL DYNAMICS, THEORETICAL TENSIONS, AND EMPIRICAL PATTERNS

Recommendation:

Accept as it is

Accept after minor revision.....

Accept after major revision

Do not accept (*Reasons below*)

Rating	Excel.	Good	Fair	Poor
Originality		✓		
Techn. Quality			✓	
Clarity	✓			
Significance		✓		

Reviewer Name: Dr.P.Manochithra

Detailed Reviewer's Report

The manuscript titled “*Corporate Governance and Capital Structure in Emerging Economies: Institutional Dynamics, Theoretical Tensions, and Empirical Patterns*” examines an important and timely issue in corporate finance research. The relationship between governance mechanisms and capital structure decisions in emerging economies remains theoretically rich yet empirically fragmented, and the paper attempts to synthesize prior findings through a systematic review approach. The topic is highly relevant, particularly given the institutional heterogeneity characterizing emerging markets. The manuscript is conceptually strong and demonstrates a solid understanding of foundational theories in corporate finance and governance.

The theoretical framing of the study is one of its key strengths. The integration of agency theory, information asymmetry theory, and institutional theory provides a balanced and nuanced explanation of why governance mechanisms may either increase or decrease leverage. The discussion appropriately acknowledges competing mechanisms and avoids oversimplified conclusions. The institutional moderation argument is especially compelling, as it helps reconcile divergent empirical findings across countries. The manuscript successfully highlights that governance mechanisms operate through multiple channels and that their effects are contingent on regulatory quality, legal enforcement, and financial system development. This multidimensional interpretation enhances the conceptual clarity of the study.

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The discussion section is well developed and analytically rigorous. The treatment of endogeneity concerns and methodological heterogeneity demonstrates awareness of econometric challenges in governance research. The recognition that reverse causality and omitted variable bias may influence empirical results adds depth to the analysis. The manuscript appropriately emphasizes that differences in identification strategies may explain part of the inconsistency observed in prior literature. This methodological reflection strengthens the scholarly tone of the paper.

Despite these strengths, the manuscript's primary limitation lies in the methodological transparency of the review process. Although the study is described as a systematic review, essential elements of systematic review methodology are not sufficiently detailed. The paper does not clearly specify the databases consulted, the search strategy employed, the time frame covered, or the inclusion and exclusion criteria applied in selecting studies. The absence of a structured study selection process or a flow diagram limits the replicability and credibility of the review. Without a clear explanation of how the literature was identified and filtered, the review appears closer to a narrative synthesis than a fully systematic one.

In addition, the results section would benefit from a more structured synthesis of empirical findings. While the theoretical mechanisms are clearly summarized, the manuscript does not provide a detailed tabular overview of the reviewed studies, including country context, governance variables, leverage measures, methodological approaches, and key results. Such a summary would significantly enhance the analytical rigor and allow readers to better appreciate patterns across institutional environments. Incorporating a comparative table or thematic classification of findings would strengthen the contribution.

The originality of the manuscript lies primarily in its integrative perspective rather than in the generation of new empirical evidence. While this is appropriate for a review article, the authors could more clearly articulate how this review advances the literature beyond prior surveys on corporate governance in emerging markets. A more explicit statement of contribution, possibly through a conceptual framework or a set of refined research propositions, would improve the manuscript's positioning within existing scholarship.

The writing quality is strong throughout the manuscript. The arguments are logically organized, the academic tone is consistent, and the theoretical explanations are clear and coherent. Minor improvements in formatting and table presentation would enhance readability, but overall clarity is

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excellent. The references cited are foundational and relevant, though incorporating more recent empirical studies would further strengthen the currency of the review.

In conclusion, the manuscript addresses a significant research question and provides a thoughtful theoretical synthesis of governance and capital structure dynamics in emerging economies. The conceptual discussion and institutional moderation perspective are valuable contributions. However, **substantial revision is required** to strengthen the methodological transparency and systematic nature of the review. Clarifying the literature selection process, providing structured synthesis tables, and explicitly articulating the study's incremental contribution would considerably enhance the manuscript's scholarly rigor and publication potential.