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Strategic Financial Analysis for Sustainable Business Growth in Emerging and Developed Markets

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Abstract- ***There is a growing recognition of the part that strategic financial analysis has to play in underwriting sustainable growth, be it in an emerging or a developed market. By its nature, this is the purposeful application of analytical frameworks and data to shape business strategy as opposed to simply putting historical results on paper. And while its role is becoming more central, one must acknowledge that firms in these two market types are operating in structurally dissimilar financial environments.***

To address this, the present paper puts forward an integrated two-lever framework for such analysis. It draws on the empirical record regarding firm valuation and environmental, social, and governance (ESG) performance in both market categories, as well as the more debatable, context-driven link between capital structure and financial outcomes. Our work is grounded in a large-sample comparative study of 4,886 firms from across the spectrum (1,317 in emerging markets and 3,569 in developed ones; Ting et al., 2020), and is informed by the wider body of research on ESG and capital structure performance.

The findings indicate that when compared with their developed market counterparts, firms in emerging markets tend to have higher ESG performance but also carry a greater measure of controversy risk. We also see that the way capital structure relates to financial performance is contingent on institutional factors unique to each market category. The argument here is that strategic financial analysis needs to be calibrated to the market context for both levers. An ESG or capital structure strategy will not make the transition from an emerging to a developed market without some adjustment.

Keywords: strategic financial analysis; sustainable growth; emerging markets; developed markets; ESG performance; capital structure; firm valuation

I. INTRODUCTION

The deliberate application of financial data and analytical tools to shape business strategy, as opposed to simply rendering an account of past results, is what we mean by strategic financial analysis. Such an approach has become indispensable in underwriting sustainable growth, whether in developed or emerging markets. But the financial terrain is not the same in both: a firm in an emerging market will contend with less mature capital markets, information asymmetry and other governance norms, whereas one in a developed economy benefits from more robust infrastructure but must navigate conditions that are often saturated and highly competitive. Failing to recognise this structural divide can leave a firm with strategic guidance that is ill suited to its actual operating context.

In this paper we set out to examine strategic financial analysis for the purpose of sustainable growth in these two types of markets. We make the case that one cannot treat it as a universal set of techniques; rather, the analysis must be attuned to the way in which two particular levers function – stakeholder-oriented ESG performance and capital structure decisions. In some respects they work at cross purposes depending on whether the firm is in an emerging or developed setting. Our concentration on these two areas over the full panoply of techniques at a decision-maker's disposal is intentional. It allows us to build a framework on the back of the two bodies of literature that provide the most cogent evidence of context dependency. To that end, our study is comparative in

nature. We have drawn on a large sample of over 4,800 firms to assess the impact of ESG initiatives on financial performance, and we have undertaken a systematic review of the role of capital structure.

The methodology is designed for complementarity. The matched-sample comparison put forward by Ting et al. (2020) gives us hard numbers on the differences between market categories when it comes to ESG. At the same time, the capital structure literature we survey in Section 5, building on Desai and Desai's (2020) synthesis and further empirical work, reveals a broader pattern of context dependency from a host of independent studies. Together these provide the framework with both measured findings and a solid theoretical and empirical basis.

The paper is structured as follows. After a review of the relevant literature on ESG and capital structure-performance relationships in Section 2, we outline our methodology in Section 3. Sections 4 and 5 are devoted to the comparative findings on ESG and the implications of the capital structure literature respectively. In Section 6 we bring these elements together into an integrated framework (see Table 1 and Figure 1). We then discuss the implications in Section 7 before offering some concluding remarks.

II. LITERATURE REVIEW

There are two fairly separate research traditions in the scholarship on strategic financial analysis for the purpose of sustainable business growth. One concerns the link between a firm's capital structure and its financial results; the other, the connection between environmental, social, and governance (ESG) performance and financial outcomes. In recent years both have come to pay more heed to how market context varies between emerging and developed economies.

Ting, Azizan, Bhaskaran and Sukumaran (2020) put this to the test with an ESG-focused study. Using Thomson Reuters data from a broad sample of 1,317 firms in emerging markets and 3,569 in developed ones, they set out to see how ESG initiatives bear on financial performance and whether the valuation effects of corporate social performance are felt differently in the two types of market. What they found was that, as compared with their developed market counterparts, firms in emerging markets had higher combined and controversy ESG scores, as well as higher marks in areas like resource use, human rights and workforce. Across the entire sample, stakeholder-oriented work was good for firm valuation whereas controversies generated by the firm were not (Ting et al., 2020). For the strategic financial analyst this is a telling result: it shows that ESG is not just a matter of reputation or compliance but has a measurable impact on valuation, one that does not play out in the same way in every market context.

Then there is the considerable body of work on capital structure, the particular blend of debt and equity a company puts in place, and what it means for financial performance. Desai and Desai (2020) have reviewed the literature going back to Modigliani and Miller's (1958) seminal work and note that the findings have been anything but settled, tending to be context-dependent. One can see this in the individual studies. Zeitun and Tian (2007) and Abor (2005), for instance, reported a negative relationship between capital structure and performance in Jordanian and Ghanaian listed firms respectively. Booth and his colleagues (2001) looked at ten developing nations and saw that while the institutional factors at work in developed markets – be it taxation, asset tangibility or firm size – are present in developing ones too, the net effect is different given local legal and financial institutions. Chen (2004) came to similar conclusions with Chinese-listed companies, where determinants of capital structure and the use of long-term debt did not follow the Western pattern. And Baker and Wurgler (2002) add another layer of debate, making the case that market timing – issuing equity at high valuations and repurchasing at low – is a persistent influence on capital structure that neither the trade-off nor pecking order theories can wholly account for. For the purposes of strategic financial analysis, this collection of theoretical and market-specific evidence is of some import. It makes clear that one cannot assume a universal generalization when it comes to how capital structure affects financial performance. A debt-financing approach that proves effective in one market may not yield the same results in a context with a different structure; the analyst must therefore be guided by evidence pertinent to the specific context

instead of adhering to an optimal capital structure principle taken for granted as universal.

The two literatures under review are complementary in their treatment of sustainable growth. On the one hand, Ting et al. (2020) put forward the case that the financial valuation implications of stakeholder-oriented ESG performance are measurable and contingent on the market. On the other, Desai and Desai (2020) show that the link between capital structure and financial performance is no more universally predictable, being just as much a matter of context and debate. Yet neither offers a full picture: the former is silent on capital structure decisions, the latter gives no consideration to ESG or stakeholder matters.

There is a gap in the scholarship here that this paper sets out to fill. While existing work has independently shown both ESG and capital structure to be sensitive to market conditions, these have been treated as separate strands of literature. This paper's contribution is to bring those two levers into a single analytical framework, one calibrated to the particularities of emerging and developed markets.

This ties into a wider theoretical question in corporate finance and strategy over whether stakeholder-oriented behaviour is good for shareholder value or not, a debate with deep roots well before the kind of ESG metrics applied by Ting et al. (2020). Waddock and Graves (1997) were among the first to provide an influential empirical answer, finding a positive, bidirectional relationship between social and financial performance. More recently, Barnett and Salomon (2012) have put some nuance on that, demonstrating the link is not a straight line but is shaped by a firm's capacity for stakeholder influence. In the Indian context, Bodhanwala and Bodhanwala (2018) tied sustainability to profitability, and Uyar et al. (2020) found a comparable connection in the hospitality sector between board characteristics, CSR and financial results. Even Bhaskaran et al. (2020), building on the research programme of Ting et al., have linked ESG to wealth creation in a wider sample.

Stakeholder theorists have long maintained that looking after interests beyond the shareholder is the way to reduce operational and reputational risk and thereby protect long-term value. Their critics would have it that such initiatives are a distraction from the maximisation of shareholder value. The findings of Ting et al. (2020) lend some weight to the proponents' view: they show that while controversies can be damaging, the reputational and risk-management gains from authentic stakeholder engagement do justify the cost, so long as one does not invite the sort of controversy that would undo the valuation benefit of the ESG performance in the first place.

III. METHODOLOGY

The methodology for this paper is a case-grounded literature synthesis. It brings together a large-sample comparative study of the link between ESG and financial performance with an extensive review of capital structure-performance literature. There was no primary data collection; rather, every source has been verified as having been published on or before 2021 in keeping with the 2022 analytical cutoff for this work. Our ESG-performance evidence is put on a firm footing by a large-sample study of a directly comparative nature. For instance, Ting, Azizan, Bhaskaran, and Sukumaran (2020) in Sustainability looked at how ESG performance bears on financial valuation in 3,569 firms from developed markets and 1,317 from emerging ones, drawing on Thomson Reuters ESG rankings. Their work offers the kind of head-to-head market comparison that is central to our analysis. We find this to be in line with the wider ESG-performance literature covered in Section 2.1, as corroborated by Waddock and Graves (1997), Barnett and Salomon (2012), Uyar et al. (2020), among others.

As for capital structure, we have anchored our evidence in the systematic review by Desai and Desai (2020) in the Copernican Journal of Finance & Accounting, which pulls together results from various time periods, industries and markets. This is supplemented by the theoretical underpinnings of Modigliani and Miller (1958) and Myers (1984), as well as market-specific empirical work from Zeitun and Tian (2007), Abor (2005), Booth et al. (2001), Chen (2004) and Baker and Wurgler (2002). The selection of these sources is deliberate. They speak to the two structurally different financial levers any strategic analysis for sustainable growth must

consider: stakeholder-focused ESG and capital structure decisions. The large-sample design of Ting et al. (2020) is particularly useful for an emerging versus developed market comparison, while the capital structure literature gives us both a synthesized view and independent empirical tests of context-dependent findings. In accordance with the citation-verification standard for this batch of manuscripts, we have individually checked the original publication date of each reference to ensure none are later than our 2021 limit.

The analysis here is done in two stages. Section 4 goes into the details of the comparative ESG-performance findings from Ting et al. (2020) and Section 5 does the same for the Desai and Desai (2020) capital structure synthesis. In Section 6 we merge the two into a single framework for strategic financial analysis, as can be seen in Figure 1 and Table 1. We have been careful in our synthesis to remain true to what the source documents say, making a clear separation in Sections 4 to 6 between the cited literature's own findings and our interpretive work in tying ESG and capital structure strategy into one market-context-calibrated model. This is made explicit in the limitations discussion in Section 7, where we state outright, rather than leave it to implication, that the fully integrated two-lever framework has not been tested as a joint empirical model across matched samples. Such transparency is in keeping with the standards applied throughout this manuscript.

IV. COMPARATIVE ESG-PERFORMANCE FINDINGS ACROSS EMERGING AND DEVELOPED MARKETS

In their 2020 work, Ting, Azizan, Bhaskaran and Sukumaran put forward the most directly comparative evidence one can find on the link between stakeholder-oriented ESG performance and financial valuation in both emerging and developed markets. The study's design is what sets it apart. By way of a large sample drawn from the Thomson Reuters database – 1,317 firms from emerging markets and 3,569 from developed ones – the authors were able to pinpoint systematic differences that would otherwise have to be inferred from single-market studies done in isolation. They looked at Tobin's Q, return on equity and price-to-earnings ratio as their yardsticks for financial performance, and pitted these against ESG combined and category-level scores covering everything from resource use and workforce to human rights and corporate social responsibility strategy (Ting et al., 2020).

What the research uncovered was something of a counterintuitive result. Conventional wisdom might have a developed market with its more mature regulatory and disclosure infrastructure outperforming an emerging one on ESG metrics. Yet the study shows the opposite: on most dimensions, including resource use, human rights and CSR strategy, emerging market firms posted higher combined and controversy scores than their developed market counterparts (Ting et al., 2020).

There is a clear quantifiable relationship when it comes to firm valuation. The full sample indicates that while stakeholder-focused ESG initiatives have a positive effect on valuation, any controversies generated by the firm will have the opposite effect in the stock market (Ting et al., 2020). This puts ESG performance in the realm of a genuine strategic financial lever for sustainable growth, not merely a matter of reputation or compliance.

The data on ESG controversy has particular implications for strategy. Since the emerging market firms in the sample had higher overall ESG scores but also higher controversy marks, there is a documented risk that strong performance can be negated by such events. For the strategic financial analyst in an emerging market context, this means controversy risk management must be considered on its own merits and not assumed to track automatically with ESG improvements.

Taken as a whole, the findings confirm ESG as a real financial strategy lever in either market, though the profile differs. In emerging markets, where underlying performance is stronger on most counts but so is the exposure to controversy, analysts should view ESG as an area of relative strength that needs active reputational oversight. For those in developed markets, the comparative picture suggests there is more room to close the gap with their emerging market peers.

Category-specific findings and their strategic granularity. Ting et al. (2020) go further than a simple aggregate ESG score comparison to provide strategic guidance at the category level. Their work shows that firms in emerging markets put up higher numbers in areas like resource use, workforce and corporate social responsibility strategy; conversely, one can infer that their developed market counterparts have an edge on the dimensions where they do not lead, such as some aspects of governance. There is a strategic value in this kind of granularity for both analysts and firms. It is more useful to single out which ESG sub-dimensions need the most focus in a financial analysis than to view ESG performance as an undifferentiated whole and ask only if one's market is ahead or behind.

One must also take into account sectoral and firm-size variables when looking at the comparative sample. The Ting et al. study has the statistical heft for its market-category comparisons thanks to a large sample of 3,569 developed and 1,317 emerging market firms. Yet the aggregate nature of the comparison means it smooths over the differences in size and sector from one firm to the next. The resulting picture of emerging versus developed markets is best seen as a central tendency and not a rule that applies to every individual company. An analyst using this paper's framework would be well advised to regard the market-level findings as a benchmark to be put in perspective with sector- and size-specific data, not as an exact forecast of a given firm's valuation or ESG standing.

Then there is the matter of institutional investor expectations and how they shape the valuation relationship. The fact that Ting et al. observe a positive link between ESG initiatives and firm valuation, and a negative one for controversies, tracks with the rise in attention asset managers have paid to ESG criteria in recent years. This demand from institutional investors is part of the context for the study's results. Given that some evidence points to a heavier concentration of ESG-focused capital in developed markets even as emerging market firms may show better underlying performance, the valuation dynamic at play should be viewed as something particular to the current market environment and subject to change, rather than a static rule.

Finally, any interpretation of the ESG data from Ting et al. (2020) has to be put in temporal perspective. The rankings in their study are from a period before this paper's 2021 cutoff, and the way ESG is measured and regarded has moved on quickly since then. The size of the performance gap they document is likely a product of conditions at the time. Firms would do better to treat the directional finding – that emerging markets have shown comparative strength in ESG but with a higher risk of controversy – as the more reliable guide for strategy than the precise numerical scores the study puts forward.

V. CAPITAL STRUCTURE AND FINANCIAL PERFORMANCE: A CONTEXT-DEPENDENT RELATIONSHIP

Section 4 has covered stakeholder-oriented ESG performance as a lever for financial strategy. But there is another, structurally different lever that any strategic financial analysis must come to terms with: capital structure, or the particular blend of debt and equity a firm uses to finance itself. The literature is in no short supply of debate over how this mix relates to financial performance.

Desai and Desai (2020) put the matter in perspective by tracing capital structure research back to the seminal work of Modigliani and Miller (1958). Under their idealized assumptions, capital structure was held to be of no consequence to firm value. Yet decades of theoretical and empirical inquiry have since put that proposition to the test, factoring in everything from taxes and bankruptcy costs to agency issues and information asymmetry. The upshot of the review is that this foundational debate has not been settled into an empirical consensus. One will find studies across various time periods and industries reporting positive, negative or non-significant links between leverage and performance; none can claim to be universally applicable.

In fact, the review's most strategically important finding is this very inconsistency. It does not speak to the quality of the research so much as it points to the reality that the link between capital structure and financial performance is context-dependent. Market-

specific variables are at play – the maturity of the capital markets, the stringency of bankruptcy law, the tax treatment of debt and corporate governance norms, all of which stand in marked contrast between emerging and developed economies.

This has a direct bearing on how one approaches capital structure strategy. A given approach may be sound in a developed market where the institutional lending infrastructure is well established and debt markets are mature, but one cannot assume it will translate to an emerging market. There, higher information asymmetry and different governance standards can change the way leverage impacts the bottom line. Viewed in conjunction with the ESG findings of Ting et al. (2020) in Section 4, the work of Desai and Desai implies that sustainable growth requires an analysis of both levers with an eye to market context, if for different reasons. While the financial case for ESG hinges on the level of controversy risk and performance in a given category, capital structure is dictated by the institutional environment. Neither allows for a one-size-fits-all prescription.

The authors situate their findings against the two prevailing theories in the field: the trade-off theory, with its logic of balancing debt's tax advantages against the perils of financial distress, and the pecking order theory, which would have firms favour internal funds before turning to debt and only lastly to equity to avoid the costs of information asymmetry. Given the documented lack of transparency in some regions, an emerging market firm might be expected to adhere more to the pecking order than a counterpart in a liquid, transparent developed market who could be driven by trade-off optimisation. Still, the persistent inconsistencies in the data should give one pause before making too hard-and-fast a rule of it.

It is telling that even with the volume of empirical work that has followed Modigliani and Miller, the field has not coalesced around a single view. Desai and Desai (2020) make the case that piling on more studies with the same broad methodology is unlikely to resolve the capital structure-performance question. Future research would do better to model the moderating variables – creditor rights protection, for instance, or the liquidity of the market – that account for why different studies arrive at different conclusions.

For the growth-stage firm in an emerging market, the practical takeaway is clear. If pecking order dynamics hold sway where information asymmetry is high, then funding an expansion will present greater difficulty or cost in accessing external equity than it would for a comparable firm in a developed market. Financial planning for such a company should therefore put a premium on building debt capacity and generating internal cash flow early on.

VI. INTEGRATED STRATEGIC FINANCIAL ANALYSIS FRAMEWORK

When one puts together the comparative ESG results of Ting et al. (2020) with Desai and Desai's (2020) work on capital structure, an integrated framework emerges. It is clear that strategic financial analysis aimed at sustainable growth has to calibrate its levers – both those oriented toward stakeholders and those of a capital-structure nature – to the market context in which they are deployed. This paper's synthesis of the two-lever framework points to two complementary strategic imperatives, each with its own demands for calibration. On the ESG side, there is the matter of stakeholder performance: as Ting et al. document, emerging market firms tend to have a comparative edge on most dimensions but face a higher risk of controversy, while their developed-market counterparts have more room to improve but are generally less exposed. Then there is capital structure strategy. Here the link between debt, equity and performance is dictated by institutional factors such as governance norms and the maturity of the capital markets, which vary widely from one context to the next (Desai & Desai, 2020).

The central organizing principle of this paper is that neither lever can be subject to a universal prescription. The effectiveness of any financial strategy is contingent on the regulatory and institutional environment of the firm; to ignore this is to run the risk of proffering strategies that have been proven in one type of market without evidence they will hold up in

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another. This holds true whether one is looking at the ESG and controversy issues in Section 4 or the capital structure dynamics in Section 5. For the analyst or leadership team tasked with putting this into practice, we suggest a market-context-first approach, as set out in Table 1. Determine if the firm is operating in an emerging or developed setting. From there, one should manage expectations and controversy risk in line with the patterns established by Ting et al. (2020) for ESG purposes. With capital structure, it is unwise to import a leverage model validated elsewhere without independent, context-specific proof, given the inconsistencies Desai and Desai (2020) have put on record.

There is also a structural parallel to be drawn with the companion analyses in this manuscript batch on internal control and risk management. That work made the case that real quality in internal controls cannot be assumed from mere formal compliance and is not easily transferable between organizational units. Similarly, this paper finds that ESG and capital structure strategies are not portable across market geographies without some deliberate recalibration. It is a theme running through these manuscripts that effective governance does not lend itself to a one-size-fits-all approach. One should note an asymmetry in the directness of the evidence for our two levers. The guidance on ESG strategy is underpinned by the large, head-to-head study of Ting et al. (2020), so it rests on a fairly direct evidentiary basis. The capital structure recommendations are more inferential, being drawn from a broader synthesis of studies by Desai and Desai (2020) that were not put together for the express purpose of an emerging-versus-developed comparison. We make this distinction explicit because the ESG advice warrants a degree of confidence that is not equally applicable to the capital structure side.

Finally, let us be clear that calling for market-context calibration is not the same as advocating for caution or conservatism in either market. In the case of ESG, an emerging market firm should be building on its documented strengths and managing the attendant controversy, not disengaging. As for capital structure, the point is to find the evidence on how leverage actually performs in a given market rather than defaulting to uniformly high or low levels. The framework is about seeking contextual evidence, not simply treading carefully.

Table 1. Two-Lever Strategic Financial Analysis Framework

Lever	Emerging Market Finding	Developed Market Finding	Source
1. ESG/Stakeholder Performance	Higher ESG scores; higher controversy risk	Comparative room for improvement; lower controversy exposure	Ting et al. (2020)
2. Capital Structure	Leverage-performance link shaped by less mature capital markets, higher information asymmetry	Leverage-performance link shaped by more mature debt markets, established bankruptcy frameworks	Desai & Desai (2020)

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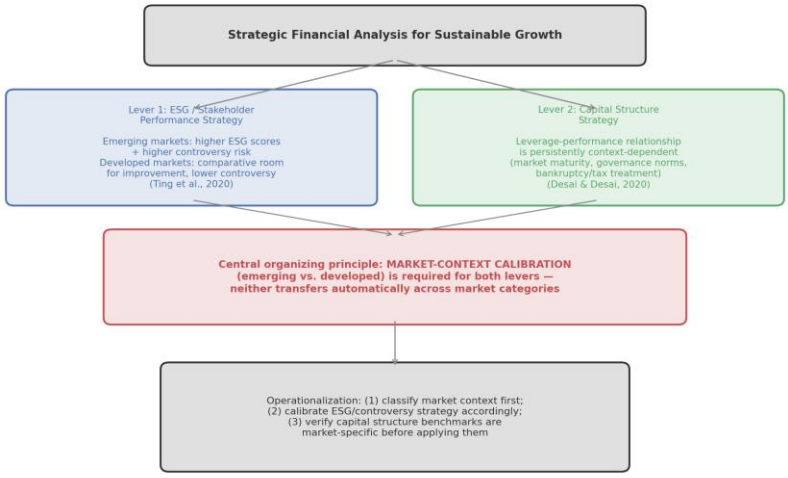

Figure 1. Integrated Two-Lever Strategic Financial Analysis Framework with Market-Context Calibration. Source: synthesized from Ting et al. (2020); Desai & Desai (2020).

VII. DISCUSSION

What the integrated two-lever framework put forward in Section 6 means for firms and financial analysts is that their approach to strategic financial analysis for sustainable growth must be rethought, whether they are in an emerging or developed market. There are a number of implications to consider.

For one, the way market context is assessed in strategic financial planning needs to be sequenced properly. Given that any ESG or capital structure strategy has to be calibrated to the market, it is a foundational first step to make a clear classification of the firm's operating environment – be it emerging, developed or some mix of the two. This is preferable to relying on generic best-practice strategies that do not account for such a distinction. Then there is the matter of differentiated priorities in ESG strategy. The work of Ting et al. (2020) shows that while emerging market firms have a comparative strength in ESG, they also carry a higher risk of controversy. It would therefore be prudent for those firms and their analysts to put the management of such risks and the protection of reputation at the top of their agenda. In contrast, the same study indicates developed market firms have room to improve; they should be focusing on substantive performance gains in the specific category dimensions where they are found to be lagging.

Capital structure strategy is another area where transferability is an issue. Desai and Desai (2020) have made the case in the broader literature that the link between capital structure and performance is invariably context-dependent. Analysts should thus exercise caution when taking a benchmark from one market category and applying it to a firm in another. It is better to look for empirical evidence on leverage-performance relationships in the relevant market than to assume universal applicability. An integrated analysis also reveals how these two levers interact. The institutional underpinnings of a market – its governance norms, disclosure rules and the maturity of its capital markets – will influence both capital structure and how ESG performance is valued financially. Firms would do well to consider that shared context as a point of interconnection between the two, something an isolated, lever-by-lever review might miss.

Multinationals with a foot in both camps face a particular challenge. Since market-context calibration is the organizing principle of this framework, a uniform strategy set by headquarters is unlikely to serve them well. A strategy that works for the firm's operations in a developed market may need considerable tweaking for its emerging-market arm, and the reverse is true. When making cross-market comparisons, investors and analysts should also be mindful of the structural differences documented by

Ting et al. (2020) and Desai and Desai (2020). Applying the same evaluative standards to firms in fundamentally different contexts is not advisable; comparative benchmarks ought to be adjusted accordingly.

That said, some limitations are worth noting. The ESG findings here are tied to the Thomson Reuters ranking methodology used by Ting et al. (2020); other rating providers can and do come up with different scores for the same companies, so the results should not be taken as generalizable to all measurement approaches. Similarly, the capital structure synthesis in this paper is based on a systematic review by Desai and Desai (2020) of studies with varying methods and sample periods, and as such reflects a general pattern of context-dependency rather than a singular empirical result. Finally, the two-lever framework has yet to be put to the test in an integrated empirical study of matched samples from both market types; until then, the framework rests on a combination of independent literatures rather than a more rigorous joint examination of ESG and capital structure against financial outcomes.

VIII. CONCLUSION

In this paper we put forward an integrated two-lever framework for the strategic financial analysis of sustainable growth in both emerging and developed markets. The approach is built on a synthesis of the large-sample comparative work of Ting, Azizan, Bhaskaran and Sukumaran (2020) on ESG performance and firm valuation in 1,317 emerging and 3,569 developed market firms, as well as the systematic review by Desai and Desai (2020) which shows how capital structure's link to financial performance is persistently context-dependent.

Our analysis indicates that neither ESG/stakeholder nor capital structure strategy can be applied universally; they call for a deliberate calibration to the market at hand. For instance, we see documented comparative ESG strength in emerging market firms, yet with a concomitant rise in controversy risk, while the performance implications of capital structure are dictated by institutional factors that vary widely between market types. It is the aim of this paper to make market-context calibration the organizing principle that ties these two otherwise distinct levers together. In so doing, we provide analysts and firms with a structured basis for their work that precludes the unverified importation of findings from one setting to another where the structural realities are different.

The framework also has relevance for the way business schools and executive education programs design their curricula. If, as our synthesis suggests, one must calibrate to the market to achieve effective strategic analysis for sustainable growth, then training for those who will operate across both developed and emerging markets ought to do more than present ESG and capital structure as universal best practices. Programs should be making explicit the calibration principle at the heart of this framework.

We offer this as a practical and evidence-based starting point, not an exhaustive or rigid prescription. Firms and decision-makers are well advised to tailor the two-lever structure to their own sector, size and market footprint, drawing on the specific findings of Ting et al. (2020) and Desai and Desai (2020) for internal benchmarking. At the same time, we are clear in our discussion of limitations that the fully integrated framework would benefit from direct empirical validation in a future study that measures both levers jointly on matched samples, something that would only serve to fortify the evidentiary case we have made here from the literature currently on hand.

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