Reviews of ECONJOURNAL-D-24-00199R2

More philanthropy, More Consistency? Examining the Impact of Corporate Charitable Donations on ESG Rating Uncertainty

Round 1

Reviewer 1

I recommend a decision of Minor Revision (Level 2). The paper addresses a relevant and noteworthy gap in the literature, applies robust empirical methods, and offers valuable findings for both academics and practitioners. However, clarifications regarding the theoretical underpinnings, details about measurement methods, and deeper contextualization will further strengthen the manuscript's contribution and rigor.

Areas for Improvement

1. Theoretical Clarification on Mechanisms: While the paper posits that CCD signals enhanced social responsibility and transparency, more explicit discussion of the theoretical links between signaling theory/legitimacy theory and reduced rating uncertainty would clarify underlying mechanisms.

2. Measurement Nuances: The ESGSTD measure is based on ratings from six agencies. Although standardized approaches and prior references are mentioned, more details about how each agency's scores were converted or normalized would strengthen transparency and replicability.

3. Broader Contextualization: The sample is drawn solely from Chinese A-share firms. A deeper discussion on how institutional features or regulatory policies in China might shape CCD and ESG outcomes would help contextualize the generalizability of the results.

4. CEO Moderation Variables: Although the study effectively highlights CEO educational background, green experience, and international education, additional discussion on why these three attributes (versus others) were selected would sharpen the justification for this moderating framework.

Given the quality of your analysis, I am confident that with some further refinements and clarifications, this work can make a valuable contribution to the literature.

Reviewer 2

More philanthropy, More Consistency? Examining the Impact of Corporate Charitable Donations on ESG Rating Uncertainty

Reviewer Comments

The paper should better establish the theoretical foundation linking corporate philanthropy to ESG rating uncertainty. It is unclear whether philanthropy directly reduces uncertainty or serves as a misleading signal of ESG performance. Strengthening this section with relevant theories, such as signaling theory or stakeholder theory, would improve the argument and provide a clearer conceptual basis for the hypotheses.

The study needs to address potential endogeneity concerns. Firms that engage in philanthropy may systematically differ from those that do not, particularly in terms of governance, financial performance, or risk management practices. Without addressing this issue, the results may suffer from bias. A more rigorous empirical strategy, such as instrumental variables, difference-in-differences, or propensity score matching, could enhance the credibility of the findings.

The measurement of ESG rating uncertainty requires further clarification. If the study relies on rating dispersion as a proxy, it should justify why this measure is the most appropriate and discuss potential limitations. Additionally, considering alternative proxies and explaining how they align with the theoretical framework would strengthen the methodological rigor.

The paper should explore the underlying mechanisms driving the relationship between corporate philanthropy and ESG rating uncertainty. It is not clear whether philanthropy provides clearer ESG signals or simply distracts from other factors influencing ratings. Additionally, alternative explanations, such as firm size, industry effects, or regulatory environments, should be tested to ensure the robustness of the findings.

The empirical results would benefit from additional robustness checks. Testing different model specifications, conducting sample splits (e.g., by industry, firm size, or governance quality), and incorporating alternative ESG rating providers could help confirm the validity of the findings. Such robustness tests would add confidence to the conclusions and demonstrate the generalizability of the results.

The paper should offer stronger managerial and policy implications. If corporate philanthropy stabilizes ESG ratings, it is important to clarify what firms, investors, and policymakers should take away from these findings. Providing actionable recommendations based on the results would enhance the paper's impact and relevance.

Round 2

Reviewer 1

I have carefully reviewed your response letter addressing my previous comments on your manuscript "More Philanthropy, More Consistency? Examining the Impact of Corporate Charitable Donations on ESG Rating Uncertainty." I appreciate the thorough and thoughtful manner in which you have addressed each of my concerns.

Regarding the theoretical clarification on mechanisms, your expanded discussion in Section 2.1 (pp. 8-10) effectively articulates how Signaling Theory and Legitimacy Theory underpin the relationship between corporate charitable donations and ESG rating uncertainty. The dual pathway explanation—CCD as both a costly signal reducing information asymmetry and as a means of gaining normative legitimacy—provides a robust theoretical framework. The incorporation of relevant empirical studies (Kim & Park, 2023; Conte et al., 2023; Sun et al., 2024) further strengthens your argument.

Your clarification of the ESGSTD measurement methodology in Section 3.2.2 (pp. 12-13) addresses my concerns about transparency and replicability. The detailed explanation of the z-score normalization process, including the mathematical formula and the rationale for this approach, significantly enhances the methodological rigor of your study.

I particularly appreciate your expanded discussion on China's institutional context across multiple sections (Introduction, Section 2.1, and Section 6.1). Your analysis of how China's 2016 Charity Law and 2021 Common Prosperity policy shape the CCD-ESG relationship provides valuable context for interpreting your findings. The acknowledgment of generalizability limitations in Section 6.2 demonstrates scholarly integrity and suggests promising avenues for future research.

Your justification for selecting CEO Green Experience, Overseas Education Experience, and Academic Background as moderating variables in Section 2.2 (pp. 11-15) is now well-articulated. The theoretical alignment with Signaling, Institutional, and Behavioral Decision Theories, along with the contextual relevance to Chinese A-share firms, provides a compelling rationale for your selection.

Overall, I believe your revisions have substantially strengthened the manuscript. The theoretical foundations are more clearly articulated, the methodological approach is more transparent, the contextual specificity is better acknowledged, and the variable selection is more robustly justified. These improvements enhance both the scholarly contribution and practical relevance of your work.

Thank you for your diligent attention to my comments and for the improvements made to your manuscript.

Reviewer 2

The study presents a compelling argument linking corporate charitable donations to ESG rating uncertainty. However, it would be helpful to clarify whether the signaling effect of philanthropy is directly reducing uncertainty influence this relationship.

The discussion of findings is strong, but it would be beneficial to elaborate on the practical implications for corporate managers and policymakers. How should firms structure their philanthropic activities to maximize ESG rating stability?

The paper is well-written; however, some sections, particularly the results discussion, contain complex sentences that could be made clearer. Consider simplifying language where possible to enhance readability.

Some recent studies on corporate philanthropy and ESG rating discrepancies could further strengthen the literature review. Consider incorporating insights from more recent empirical work.

The conclusion is concise but could benefit from a brief discussion of future research directions. For instance, how might different regulatory environments influence the philanthropy-ESG rating consistency relationship?

Round 2

Editor

Thank you for incorporating the reviewers' comments into the document.