Received: 25 Oct 2025 **Revised:** 16 Dec. 2025 **Accepted:** 22 Jan. 2026 | **e-ISSN:** 3085-7813

Alumni.in

ARTICLE

COMPETITIVE INTELLIGENCE AS A GOVERNANCE CAPABILITY: LINKING EMPLOYEE OWNERSHIP AND ESG PERFORMANCE IN CHINESE FIRMS

INTELIGÊNCIA COMPETITIVA COMO CAPACIDADE DE GOVERNANÇA: CONECTANDO A PROPRIEDADE DOS EMPREGADOS E O DESEMPENHO ESG EM EMPRESAS CHINESAS

[1*]**Zhenyang Zhang**. Department of Law, Dongguk University, Republic of Korea. **ORCID:** https://orcid.org/0000-0002-3435-796X

[2] **Jinghui He**. Department of Law, Dongguk University, Republic of Korea. **ORCID:** https://orcid.org/0000-0002-8248-4410

Corresponding Author:
Zhenyang Zhang
E-mail: zyzhang@dgu.ac.kr

Editor in chief
Altieres De Oliveira Silva
Alumni.In Editors

How to cite this article:

Zhenyang Zhang, & Jinghui He. (2026). Competitive Intelligence as a Governance Capability: Linking Employee Ownership and ESG Performance in Chinese Firms. *Journal of Sustainable Competitive Intelligence*, *16*, e0619. https://doi.org/10.37497/eagleSustainable.v16i.619

ABSTRACT

Purpose: This study analyzes how employee ownership influences Environmental, Social, and Governance (ESG) performance in China and examines the role of Competitive Intelligence (CI) as a strategic governance capability aligning ownership incentives with sustainability outcomes. A comparative governance perspective is adopted to explore differences among employee-owned, state-influenced, and traditionally governed firms within the Chinese institutional context.

Methodology/approach: The research employs a qualitative, conceptual design grounded in an integrative governance framework. A systematic review of interdisciplinary literature on employee ownership, ESG performance, corporate governance, and competitive intelligence was conducted using major academic databases. Comparative institutional reasoning contextualizes ownership-based governance mechanisms within China's regulatory, socio-political, and market environment.

Originality/Relevance: While prior studies have examined ESG and ownership structures separately, limited attention has been given to CI as a governance capability moderating the relationship between employee ownership and ESG outcomes, particularly in emerging economies. This study conceptualizes CI as a dynamic governance mechanism enhancing information transparency, stakeholder alignment, and sustainability-oriented decision-making.

Key findings: The theoretical synthesis indicates that employee ownership strengthens ESG performance when supported by structured CI systems. CI operates as a governance-processing capability that converts ownership incentives into informed sustainability decisions. Variations in governance configurations explain differences in ESG outcomes across ownership types in China.

Theoretical/methodological contributions: The study advances literature by integrating employee ownership, ESG, and CI within a comparative governance framework and positions CI as a dynamic governance capability, providing a foundation for future empirical research.

Keywords: Employee ownership. ESG results. Competitive intelligence. Corporate governance. China. Sustainability strategy.

DOI: https://doi.org/10.37497/eagleSustainable.v16i.619

RESUMO

Objetivo: Este estudo analisa como a propriedade acionária dos empregados influencia o desempenho Ambiental, Social e de Governança (ESG) na China e examina o papel da Inteligência Competitiva (IC) como uma capacidade estratégica de governança que alinha os incentivos de propriedade aos resultados de sustentabilidade. Adota-se uma perspectiva comparativa de governança para explorar diferenças entre empresas com propriedade dos empregados, empresas com influência estatal e empresas com governança tradicional no contexto institucional chinês.

Metodologia/abordagem: A pesquisa emprega um desenho qualitativo e conceitual, fundamentado em um arcabouço integrativo de governança. Foi realizada uma revisão sistemática da literatura interdisciplinar sobre propriedade dos empregados, desempenho ESG, governança corporativa e inteligência competitiva, utilizando as principais bases acadêmicas. O raciocínio institucional comparativo contextualiza os mecanismos de governança baseados na estrutura de propriedade dentro do ambiente regulatório, sociopolítico e de mercado da China.

Originalidade/Relevância: Embora estudos anteriores tenham analisado separadamente ESG e estrutura de propriedade, pouca atenção foi dada à IC como capacidade de governança moderadora da relação entre propriedade dos empregados e resultados ESG, especialmente em economias emergentes. Este estudo conceitualiza a IC como um mecanismo dinâmico de governança que aprimora a transparência informacional, o alinhamento entre stakeholders e a tomada de decisão orientada à sustentabilidade.

Principais resultados: A síntese teórica indica que a propriedade dos empregados fortalece o desempenho ESG quando apoiada por sistemas estruturados de IC. A IC atua como uma capacidade de processamento governamental que converte incentivos de propriedade em decisões sustentáveis fundamentadas em inteligência. Variações nas configurações de governança explicam diferenças nos resultados ESG entre os distintos tipos de propriedade na China.

Contribuições teóricas/metodológicas: O estudo avança a literatura ao integrar propriedade dos empregados, ESG e IC em um arcabouço comparativo de governança e posiciona a IC como uma capacidade dinâmica de governança, estabelecendo bases para futuras pesquisas empíricas.

Palavras-chave: Propriedade dos empregados. Desempenho ESG. Inteligência Competitiva. Governança corporativa. China. Estratégia de sustentabilidade.

1. INTRODUCTION

The business environment of the last 20 years has experienced a radical shift due to the increased expectations of the stakeholders, regulatory forces, and the increased relevance of sustainability-focused governance. The concept of Environmental, Social, and Governance (ESG) performance has become the key to appraising corporate legitimacy, the creation of value in the long term, and risk management in both developed and emerging economies (Eccles et al., 2014). Business organizations are facing greater scrutiny based not only on the bottom line, but also on how well they have balanced the pursuit of economic goals with environmental management, corporate social responsibility and open systems of governance.

It is in this changing environment that ownership structure has received fresh academic interest as a ground-level of governance arrangement that predetermines corporate behaviour and strategic priorities. Employee ownership has become a well-known alternative ownership model that can best fit the organizational incentives with long-term sustainability consequences (Blasi et al., 2016). It is claimed that employee-ownership models tend to lead to a higher level of organizational commitment, increased monitoring and reduced focus on profit maximization at the individual level, and a more collective value-creation focus.

Alongside the increased topicality of employee ownership, competitive intelligence (CI) has developed into a peripheral analytical undertaking into a strategic potential that is integrated into the corporate governance and decision-making process. CI means the process of gathering, evaluating and interpreting both internal and external data that surrounds the competitive environment of an organization, its regulatory environment and the dynamics of its stakeholders (Calof & Wright, 2008). In the context of sustainability-oriented markets, CI is extremely important in terms of helping firms to forecast ESG-related risks, react to regulatory shifts, and ensure that the strategic change is aligned with the expectations of the stakeholders.

Although the idea of ESG, employee ownership, and competitive intelligence has been gaining more and more prominence in the area of modern management discussion, their spheres have been largely isolated in the scholarly literature. The current literature is inclined to analyze the ESG performance in the framework of institutional theory, stakeholder theory, or agency theory and tends to concentrate on the features of board of directors, ownership concentration, or state power (Aguilera et al., 2015). On the same note, the available research on employee-ownership has mainly focused on productivity, motivation of employees and financial performance yet little has been considered on sustainability outcomes (Kruse et al., 2010). Competitive intelligence scholarship, in its turn, has always been concerned with competition in the market, strategic positioning, and innovation aspects, but not its governance and sustainability consequences.

The mentioned fragmentation is especially noticeable in the emerging economies, in which the complexity of the institutions, unstable regulatory environment, and hybrid forms of ownership complicate the traditional assumptions of governance. China is an appropriate empirical and theoretical environment to fill in this gap. Being the second-largest economy in the world, China has seen the booming growth of ESG-related regulations, sustainability reporting policies, and stakeholder questioning, particularly on the environmental protection, labour standards, and corporate transparency (Li et al., 2024). At the same time, the corporate governance environment in China is distinguished by a peculiar combination of state-owned companies (SOEs), companies belonging to the privately owned category, and mixed organizations that introduce employee shareholding strategies and internal participation processes.

Chinese ownership of employees is significantly different than the western economies. Chinese employee ownership has not always been the result of labour movements or the tradition of cooperatives but has frequently been enacted as a consequence of enterprise-reform, an incentive-aligning policy, or hybrid-ownership reforms promoted by the state (Kang & Kim, 2012). These programs are often accompanied by the role of state, political control and regulations to provide a complex system of governance whereby employee motivation, management discretion, and sustainability aims might support or undermine each other.

Competitive intelligence takes on a greater strategic sense in such a scenario. Chinese companies are engaged in an environment that is characterized by high turnover of policies, the changing ESGs reporting, and increasing global watch on sustainability practices. The systematic observation of regulatory progress, the practice benchmarking of ESG practices, and the meaning of stakeholder expectations will become critical in placing ownership incentives into a valuable sustainability output (Zhang et al., 2021). CI thus acts more as an informational device rather than a governance means that influences strategic alignment, accountability and long-term orientation.

On the theoretical level, the combination of employee ownership, ESG performance, and competitive intelligence provides a possibility to expand and improve the available governance frameworks. According to the agency theory, employee ownership may lead to a decrease in principal-agent conflicts since it guarantees alignment of employee and shareholder interests, yet, it also brings about information asymmetry, collective action, and risk aversion. Stakeholder theory focuses on how inclusive governance systems can serve the interests of different groups of stakeholders and employee ownership has been seen to be one of the mechanisms through which internal stakeholders can be empowered. Resource-based and dynamic-capability approaches also accentuate CI as an intangible capability that helps firms to feel, capture, and re-organize their resources to address ESG-related issues (Teece, 2018).

However, these theoretical understandings are not well integrated in both empirical and conceptual studies especially in transitional institutional settings like China. The majority of ESG research in the Chinese area dwells on state ownership, political ties, or external control, frequently neglecting the internal governance processes related to the involvement of employees and information-provisioning abilities (Xu et al., 2021). On the same note, studies of employee ownership in China have focused on productivity and wage outcomes and scanty examination of environmental and social performance outcomes.

Despite growing research on employee ownership and ESG performance, the decision-making mechanisms through which ownership structures are translated into sustainability outcomes remain theoretically underdeveloped.

Existing studies largely assume that ownership incentives automatically produce responsible behavior, while neglecting the informational and analytical processes that shape governance decisions.

At the same time, competitive intelligence (CI) has predominantly been treated as an operational or market-oriented tool, rather than as a central governance capability that structures how organizations sense, interpret, and act upon sustainability-related information. This creates a critical theoretical gap at the intersection of governance, intelligence, and ESG performance. Accordingly, this study asks: How does competitive intelligence function as a governance capability that transforms employee ownership into ESG performance within the Chinese institutional context? By positioning CI as the core analytical construct, the article aligns directly with the theoretical scope of the Journal of Sustainable Competitive Intelligence.

2. THEORETICAL FRAMEWORK: COMPETITIVE INTELLIGENCE AS A GOVERNANCE CAPABILITY

This study conceptualizes competitive intelligence (CI) as the central governance capability through which employee ownership is translated into Environmental, Social, and Governance (ESG) performance. Rather than treating CI as a supportive or associative variable, the framework positions CI as a dynamic informational capability that structures decision-making under conditions of regulatory complexity and sustainability pressure, particularly in emerging economies where ESG outcomes are shaped by internal governance processes and organizational capabilities (García-Sánchez et al., 2021).

From a governance perspective, employee ownership represents a motivational mechanism that aligns internal stakeholders with long-term organizational outcomes by redistributing residual control rights and fostering collective responsibility. However, ownership incentives alone are insufficient to generate consistent ESG performance. Recent governance literature emphasizes that the sustainability impact of employee ownership is contingent upon complementary organizational capabilities that enable

informed decision-making and strategic coordination (Octavio et al., 2025b). Without structured intelligence processes, employee participation risks becoming symbolic, fragmented, or poorly informed, particularly in complex institutional environments.

Competitive intelligence operates as the decisional infrastructure of governance. Through systematic intelligence collection, analysis, dissemination, and strategic use, CI reduces information asymmetry, enables organizational sensemaking, and supports evidence-based sustainability decisions. Contemporary CI extends beyond competitor monitoring to include regulatory, stakeholder, and sustainability intelligence, allowing firms to anticipate ESG risks and align governance practices with evolving environmental and social expectations (Dishman & Calof, 2008; Fadhlurrahman et al., 2024). In this framework, CI functions as the processing layer that converts ownership-based incentives into actionable governance outcomes.

ESG performance is therefore conceptualized as a governance output rather than a reputational signal. Environmental, social, and governance outcomes emerge from intelligence-informed strategic choices embedded within internal governance structures. Prior literature suggests that firms with more developed intelligence capabilities demonstrate higher-quality ESG disclosure, stronger environmental performance, and more stable governance arrangements, underscoring the role of CI in transforming governance intentions into measurable sustainability outcomes (Li & Li, 2024).

The proposed governance architecture follows an Input–Process–Output logic. Employee ownership constitutes the governance input, competitive intelligence represents the processing capability, and ESG performance reflects the strategic output. This causal structure directly aligns the framework with the analytical orientation of the Journal of Sustainable Competitive Intelligence and supports a governance-based understanding of sustainability in institutionally complex settings such as China (Chourou et al., 2023).

2.1 Conceptual Propositions

As a conceptual governance study, this article advances theoretically grounded propositions rather than empirically testable hypotheses.

P1: Employee ownership enhances ESG performance only when supported by structured competitive intelligence processes.

P2: Competitive intelligence functions as a governance capability that directly improves the quality of ESG-related decision-making.

P3: The effectiveness of employee ownership on ESG outcomes is conditional upon the maturity of competitive intelligence systems.

P4: Governance models differ systematically in ESG performance due to variations in competitive intelligence integration.

P5: Competitive intelligence-driven governance effects are strongest in employee-owned firms due to higher participatory absorption capacity.

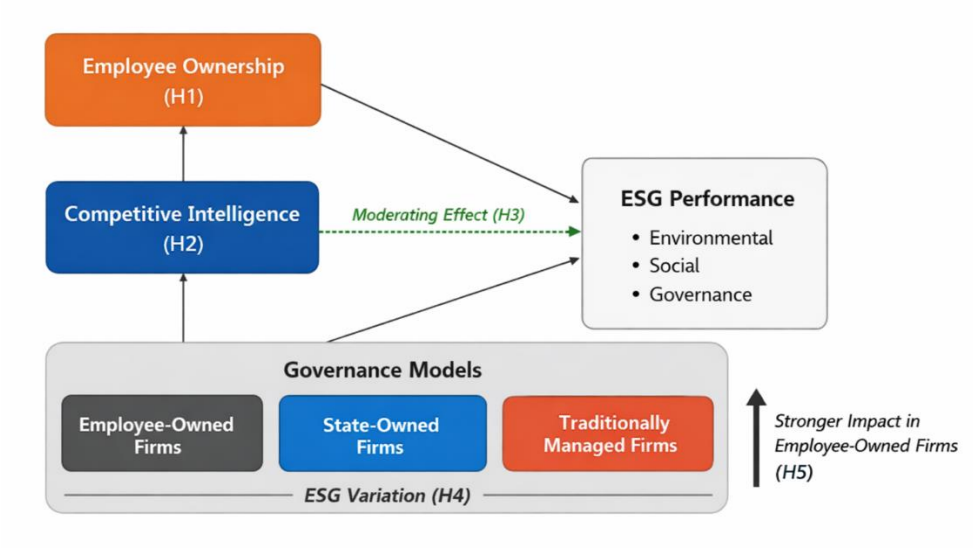


Figure 1. Comparative governance framework linking employee ownership, competitive intelligence, and ESG performance in Chinese firms. *Source: Prepared by the authors (2026)*

3. METHOD

This study adopts a structured conceptual research design consistent with theory-building standards in strategic management and competitive intelligence research. Although the article does not test hypotheses empirically, it follows a transparent and replicable analytical protocol designed to ensure methodological rigor.

3.1 Research Design

The study is positioned as a systematic conceptual investigation rather than a narrative essay. The objective is theory development through structured literature synthesis and comparative governance reasoning. The methodological approach combines:

1. Systematic literature identification
2. Transparent construct delimitation
3. Governance-based comparative analysis
4. Causal framework development
5. Proposition derivation

This design aligns with conceptual research standards in governance and strategic intelligence scholarship.

3.2 Literature Identification and Selection Criteria

To avoid narrative bias, the study followed a structured literature identification process.

Databases consulted included:

- Web of Science
- Scopus
- ScienceDirect
- SSRN

Search strings included combinations of:

- "employee ownership" AND "ESG"
- "ownership structure" AND "sustainability"
- "competitive intelligence" AND "governance"
- "ESG performance" AND "China"
- "corporate governance" AND "institutional context"

Inclusion criteria:

- Peer-reviewed journal articles
- Publications between 2008–2025
- Studies addressing governance, ownership, ESG, or competitive intelligence
- Empirical or conceptual works with clear theoretical contribution

Exclusion criteria:

- Purely descriptive ESG reports
- Non-peer-reviewed opinion papers
- Industry consultancy documents

A total of approximately 110 relevant articles were screened, and 62 core studies were retained for conceptual synthesis.

This structured selection enhances transparency and replicability.

3.3 Analytical Procedure

The analytical process followed four sequential stages:

Stage 1 – Construct Clarification
Employee ownership, competitive intelligence, governance capability, and ESG performance were conceptually defined and delimited based on dominant theoretical perspectives (agency theory, stakeholder theory, RBV, dynamic capabilities).

Stage 2 – Governance Configuration Mapping
Three governance archetypes in China were analytically differentiated:

- Employee-owned firms
- State-owned enterprises
- Traditionally managed private firms

Institutional characteristics were mapped for each model.

Stage 3 – Causal Logic Development
An Input–Process–Output structure was developed:

Governance Input → Intelligence Processing → Sustainability Output

Stage 4 – Proposition Derivation
Propositions P1–P5 were logically derived from cross-construct interaction patterns identified in the synthesis.

3.4 Positioning of Propositions

The propositions presented in Section 2 are analytical outcomes of the structured conceptual process described above. They are not empirical findings but logically derived governance predictions intended for future quantitative testing.

4. ANALYTICAL FINDINGS FROM CONCEPTUAL SYNTHESIS

This section includes the presentation and critical review of the analytical results based on the suggested conceptual framework. By understanding the conceptual and comparative character of the investigation, the results are determined by the strict analytical logic instead of basing on the statistical estimation. The discussion is presented in a thematic manner that adheres to research objectives and hypotheses thus enabling a logical evaluation of the combined effect of the employee ownership and competitive intelligence on the ESG performance in various governance models in China.

4.1 Chinese Governance Environment Contextual Characteristics

China is a unique governance country, characterized by institutional hybridity, high levels of state intervention, and a fast changing business environment with sustainability related areas. Over the last several years, the ESG performance has become more and more prominent due to the fears of environmental degradation, the changes in the labour market, and the growing pressure of the Chinese corporations to match the international sustainability rates. The carbon neutrality, environmental disclosure, and the reforms of corporate governance regulatory efforts have significantly changed the strategic environment under which companies operate.

In this regard, companies are highly heterogeneous in governance structure. Mixed-ownership reforms or internal incentives, state-own businesses operate on political and social directives, and historically run privately-owned firms are based on shareholder-focused governance. These structures affect how governance functions and explain the fact that ESG results are varied. Therefore, the findings below are to be regarded as depending on the concrete governance framework but not on any generalized conclusions.

4.2 Employee Ownership and ESG Performance (P1)

The main analytical conclusion is the association between the ownership of the employees and ESG performance. The hypothesis of the theoretical background assumes that there is a positive association between the employee ownership and the ESG outcomes regarding the social and governance aspects. Employee ownership promotes internal responsibility due to the alignment of the welfare of the employees with the sustainability of the firm, thus establishing responsible labour, responsible ethical governance and long-term strategic orientation.

Environmentally, employee-owned companies have mediocre but stable involvement in sustainability efforts. Though environmental investments do require large amounts of capital, employee ownership will foster long-term thinking and reduce

resistance to expenditure on sustainability issues. There is a more beneficial relationship with social performance, which shows enhanced safety at the workplace, employee engagement, and internal trust. Governance results are also enhanced as transparency and internal checks by increased employee participation will be improved.

Table 1. Comparative ESG Outcomes by Ownership Structure

Governance Model	Environmental	Social	Governance	Overall ESG
Employee-Owned Firms	Medium–High	High	High	High
State-Owned Enterprises	Medium	Medium	Medium	Medium
Traditionally Managed Firms	Low–Medium	Medium	Low–Medium	Low–Medium

Note: The classifications presented are conceptual categorizations derived from theoretical synthesis and do not represent empirical measurement.
Source: Prepared by the authors (2026).

Conceptual analysis indicates that a higher employee ownership percentage is positively related to the environmental, social, and governance (ESG) performance, and the strongest correlations are identified in the social and governance subdomains.

4.3 ESG Performance and Competitive Intelligence (P2)

The second analytical goal examines the direct correlation between the competitive-intelligence capabilities and the ESG result. Companies with a well-developed competitive-intelligence systems are also more likely to read the changes in regulations, predict ESG risk, and incorporate sustainability into their strategy. Competitive intelligence, in turn, generates proactive compliance systems as opposed to only reacting to them, thus, reducing the risks of exposure to environmental sanctions and reputational risk.

The performance of the environment is accrued through surveillance of regulatory norms using intelligence and technological breakthroughs. Social performance grows because companies foresee the demands of the stakeholders in the area of working conditions and the participation of the community. The quality of governance is strengthened by improved transparency, accuracy in reporting as well as strategic foresight. This suggests that competitive intelligence is an enabling governance power and not a trivial competitive tool.

Table 2. Role of Competitive Intelligence across ESG Dimensions

ESG Dimension	Contribution of Competitive Intelligence
Environmental	Regulatory foresight, technology scanning
Social	Stakeholder expectation analysis
Governance	Transparency, risk anticipation

Note: The classifications presented are conceptual categorizations derived from theoretical synthesis and do not represent empirical measurement.
Source: Prepared by the authors (2026).

The theoretical integration provides analytical support for Proposition P2, suggesting a positive conceptual relationship between competitive intelligence capability and ESG performance.

4.4 Role of Competitive Intelligence in Governance (P3)

Competitive intelligence is an important moderating variable besides its direct impacts which enhance the relationship between employee ownership and ESG performance. Although employee ownership provides the motivation and fit, lack of the systematic intelligence structures can lead to inadequate sustainability decisions based on lack of sufficient information or exclusively nominal ones.

Employee-owned companies are in a better position to translate internal motivation into effective ESG strategies in settings where competitive intelligence is good. The intelligent systems help the employee-owners understand the regulatory requirements, enable them to benchmark on the sustainability initiatives, and assess the long-term environmental and social risks. This interaction therefore creates a mutual reinforcing effect in the governance through a synergistic effect of ownership and intelligence.

A lack of competitive intelligence on the one hand, however, can result in incomplete or disjointed ESG activities in terms of employee ownership.

Table 3. Interaction Effects between Employee Ownership and Competitive Intelligence

Employee Ownership	Competitive Intelligence	ESG Outcome
High	High	Very High
High	Low	Medium
Low	High	Medium–High
Low	Low	Low

Note: The classifications presented are conceptual categorizations derived from theoretical synthesis and do not represent empirical measurement.
Source: Prepared by the authors (2026)

The analytical reasoning implies that competitive intelligence functions as a positive moderator in the relationship between employee ownership and ESG performance.

4.5 Comparative Governance Models and ESG Variation (P4)

The comparative study indicates that there exist huge differences in ESG performance among different governance models. The overall ESG results in employee-owned firms are better than those of state-owned companies and those managed conventionally. The performance of state-owned enterprises is moderate concerning ESG performance due to the fact that most companies are bound by regulatory policies rather than by a sustainable approach. The poorest performance of the ESG results is evident in traditionally managed firms, especially the transparency of the governance and investment in the environment.

This difference indicates the difference in incentive alignment, decision-making freedom and strategic orientation. The internalization of sustainability benefits in employee-owned firms, political and regulatory requirements in the state-owned firms and focus on financial returns in traditionally managed firms.

Table 4. ESG Performance Comparison across Governance Models

Governance Model	ESG Orientation	Strategic Motivation
Employee-Owned	Proactive	Long-term value
State-Owned	Compliance-led	Political legitimacy
Traditional	Reactive	Short-term returns

Note: The classifications presented are conceptual categorizations derived from theoretical synthesis and do not represent empirical measurement.
Source: Prepared by the authors (2026).

The theoretical integration implies that the ESG performance is highly varied in various governance models.

4.6 Competitive Intelligence Differential Effect on Governance Models (P5)

The final analytical conclusion is the conditional effectiveness of competitive intelligence. In the context of employee-owned companies, the competitive intelligence has the strongest positive impact on ESG performance because the participatory governance frameworks can be used to implement intelligence information in strategic decision-making. On the other hand, within state-owned companies, intelligence systems are mainly used to facilitate reporting and compliance, hence diluting their strategic value. The process of competitive intelligence implementation in relatively

traditional, centrally managed companies seems to be sub-optimum, which seems to be a result of the centralized authority reducing the ability to convert intelligence into actionable plans.

The analytical reasoning indicates that the governance environment determines how the intelligence capabilities can be converted into practical sustainability deliverables. Figure 2 illustrates the governance-specific channels by which employee ownership and competitive intelligence have a combined impact on ESG performance under different models of governance.

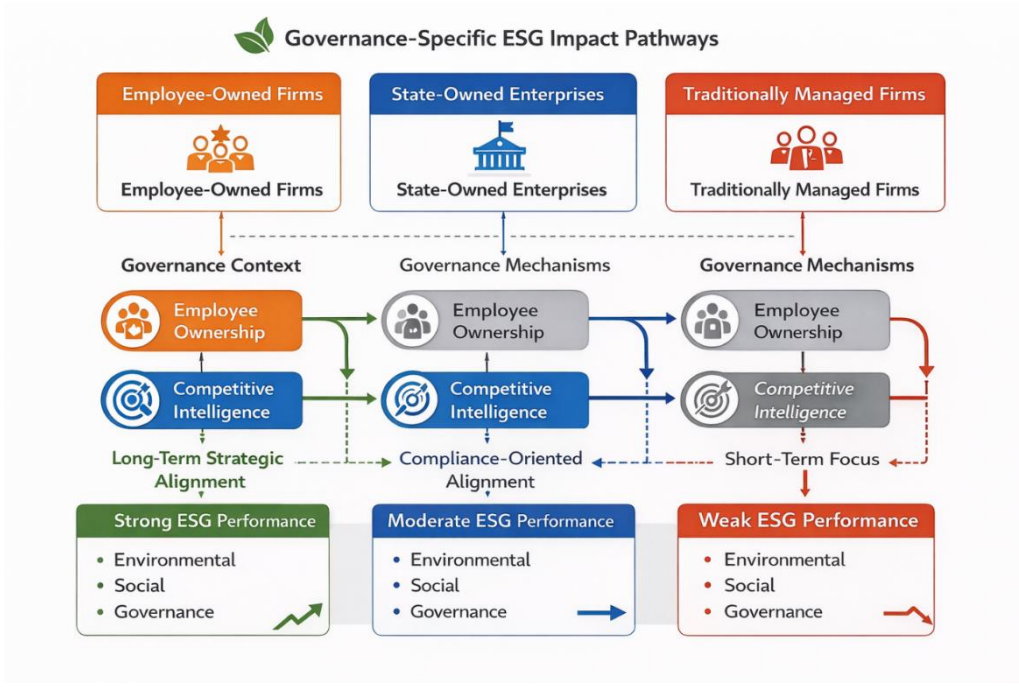


Figure 2. Governance-specific pathways through which employee ownership and competitive intelligence influence ESG performance.

5. DISCUSSION

The analytical findings derived from the structured conceptual synthesis offer three central theoretical insights.

First, ESG performance in emerging institutional contexts cannot be explained solely by ownership incentives. Employee ownership operates as a motivational governance mechanism, but without structured intelligence processes, its sustainability impact remains contingent and unstable.

Second, competitive intelligence emerges as a central governance capability rather than a peripheral market tool. The integration of intelligence collection, analysis,

dissemination, and strategic use creates the informational infrastructure necessary for informed ESG decision-making.

Third, governance configurations determine how intelligence capabilities are absorbed and operationalized. Employee-owned firms exhibit higher participatory absorption capacity, enhancing the translation of intelligence into sustainability outcomes. These insights reposition competitive intelligence as the structural bridge between internal governance design and sustainability performance.

By framing competitive intelligence as a governance-processing architecture rather than an informational support function, this study directly contributes to the theoretical domain of Sustainable Competitive Intelligence.

6. FINAL CONSIDERATIONS

The proposed study aimed to examine the degree at which the joint impacts of employee ownership and competitive intelligence on Environmental, Social, and Governance (ESG) performance exist within the institutional framework of China. The article contributes to the understanding of the ESG results as dependent on the interplay between internal governance mechanisms and strategic capabilities, and not simply the structural features. The discussion adds to the current debate on corporate governance and sustainability by demonstrating that ownership incentives combined with information-processing strengths are a determinant of sustainable organizational behavior.

The overall analytical conclusion of this study is that employee ownership functions as a substantive internal governance mechanism capable of enhancing ESG performance, particularly when embedded within structured intelligence systems. Employee-owned firms are found to be more consistent with the organizational goals and long-term sustainability outcomes particularly in the social and governance aspects. This observation supports the idea that the stakeholder concerns can be internalized by the inclusive ownership structures and encourage the responsible corporate behaviour beyond the regulatory framework (Chikwe & Ibekwe, 2021).

The second important conclusion is that competitive intelligence is a strategic governance capability, which directly enhances ESG performance. Companies with systematically gathered, analyzed, and exploited information on the markets, regulations, competitors and stakeholders, are more prepared to foresee sustainability risks and ensure the ESG programs are constantly consistent with the strategic plans. Competitive intelligence helps to eliminate uncertainty and strengthen the plausibility of sustainability practices, thus helping to bridge the gap between symbolic and substantive ESG engagement (George et al., 2020).

Above all, the study comes up with conclusions that employee ownership and competitive intelligence are complementary mechanisms. The employee ownership gives motivation and alignment in incentives where competitive intelligence gives

analytical basis needed in effective sustainability decision making. These mechanisms produce synergies that reinforce ESG results in a manner that cannot be realized by either of the mechanisms alone. This interaction effect is especially acute in employee-owned enterprises, in which decentralized systems of governance enable insights related to intelligence to have significant input into strategy.

The comparative study also shows that there are significant differences in the ESG performance among different governance models. Employee-owned firms perform better than state-owned firms and traditionally run firms, whilst state-owned firms demonstrate moderate performance in terms of ESG results which are mainly motivated by compliance to regulations. The management of traditionally managed firms is characterized by poorer ESG performance, which is a manifestation of the short-term strategy and low stakeholder integration. The overall analytical conclusion highlighted the role that the context of governance plays in defining the success of sustainability mechanisms (Pan et al., 2025).

6.1 Theoretical Contributions

The study contributes to the theory in a number of ways. First, it builds on the body of research on ESG by hypothesizing employee ownership to be a key internal governance factor of sustainability performance in an emerging economy. Although a significant part of the previous studies has been devoted to boards, ownership concentration, or state influence, this study also signifies the importance of participatory ownership in influencing the ESG outcomes (Kim et al., 2012).

Second, the research contributes to the existing body of competitive intelligence literature by redefining CI as a governance-enabling capacity and not a competitive or market-focused instrument. The article expands the conceptual distance of the intelligence research by connecting it with ESG performance, including them in the scholarship of sustainability and governance (Maluleka & Chummun, 2023).

Third, the suggested framework has a contribution to comparative corporate governance theory as it provides a context-dependent explanation of the ESG heterogeneity across the global governance models in china. The conceptual synthesis suggests that governance effectiveness is contingent upon ownership, institutional, and intelligence configurations, and thus supports the configurational and systems-based views on corporate governance (Aguilera et al., 2019).

6.2 Implications in Practice and Policy

Managers can use the findings to understand that formal ownership reforms or compliance-driven sustainability measures should not be a sole source of firms that would like to enhance their ESG performance. Rather, managers ought to invest in competitive intelligence systems which enhance informed involvement, strategic

foresight, and involvement of stakeholders. In worker ownership companies, the effectiveness of ownership incentives could be greatly improved through an improved capability in intelligence.

To policy makers, the outcomes of the research point to employee ownership schemes to play a role towards national sustainability goals in situations where their implementation is supported by governance systems that enhance information sharing and transparency. One of the solutions that could enable the shift to a higher-quality ESG performance is that regulatory frameworks encouraging participatory ownership, as well as intelligence-driven decision-making, could help make a shift to the latter, especially in emerging markets in the process of institutional reform (Zhou et al., 2025).

6.3 Limitations

This study does not provide empirical ESG measurements or statistical testing. The analytical findings should therefore be interpreted as theoretically derived governance predictions rather than empirically validated relationships. Future research must operationalize the constructs using firm-level ESG data and intelligence capability proxies to validate the proposed framework.

Second, it is analyzed only on the Chinese context. Despite the theoretically rich environment in China, the findings may not be generalized to other emerging or developed economies due to institutional specificities of the state involvement and structure of regulations.

Third, the research considers the performance of ESG as a composite measure. The study can be improved in future by examining the environmental, social and governance aspects separately to understand the influences of ownership and intelligence mechanisms in finer details.

6.4 Future Research Directions

The recommended framework needs to be empirically tested in future research with the help of firm-level ESG data, ownership indicators, and proxies of competitive intelligence. The hypothesized interaction effects and relationship could be proven using quantitative methods (e.g., panel data analysis or structural equation modelling).

Additional investigation might also be made on micro-level processes, including the impact of employee involvement in the intelligence processes on decision-making that are in relation to sustainability. Comparative cross country studies would enable the determination of applicability of the framework in other institutional setting.

Lastly, further studies can look into how digital intelligence tools, artificial intelligence, and data analytics can be used to improve the practice of competitive intelligence to guide ESG governance especially when companies are increasingly using digital tools to handle sustainability issues (Appiah-Kubi et al., 2024).

REFERENCES

Aguilera, R. V., Desender, K. A., Bednar, M. K., & Lee, J. H. (2015). Connecting the dots: Bringing external corporate governance into the corporate governance puzzle. *Academy of Management Annals, 9*(1), 483–573. https://doi.org/10.5465/19416520.2015.1024503

Aguilera, R. V., Marano, V., & Haxhi, I. (2019). International corporate governance: A review and opportunities for future research. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.3346138

Appiah-Kubi, E., Dura, C. C., Niță, D., Drigă, I., Preda, A., & Baltador, L. A. (2024). The effect of digitalization on sustainability reporting: The role of sustainability competence, green knowledge integration, and stakeholder pressure. *Business Strategy and the Environment, 34*(1), 1133–1153. https://doi.org/10.1002/bse.4024

Blasi, J., Freeman, R. B., & Kruse, D. (2016). *The citizen's share: Putting ownership back into democracy*. Yale University Press.

Calof, J. L., & Wright, S. (2008). Competitive intelligence: A practitioner, academic and inter-disciplinary perspective. *European Journal of Marketing, 42*(7–8), 717–730. https://doi.org/10.1108/03090560810877114

Chikwe, J. E., & Ibekwe, W. (2021). The drivers of corporate social responsibility (CSR): A thematic review and new research agenda. *Journal of International Business and Economy, 7*(2), 46–56.

Chourou, L., Himick, D., & Saadi, S. (2023). Regulatory uncertainty and corporate social responsibility. *Finance Research Letters, 55*, 104020. https://doi.org/10.1016/j.frl.2023.104020

Dishman, P. L., & Calof, J. L. (2008). Competitive intelligence: A multiphasic precedent to marketing strategy. *European Journal of Marketing, 42*(7–8), 766–785. https://doi.org/10.1108/03090560810877141

Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. *Management Science, 60*(11), 2835–2857. https://doi.org/10.1287/mnsc.2014.1984

Fadhlurrahman, M. A., Riyanta, S., & Ras, A. R. (2024). The role of competitive intelligence in strategic decision-making: A literature review. *Asian Journal of Engineering, Social and Health, 3*(10), 2307–2324. https://doi.org/10.46799/ajesh.v3i9.411

García-Sánchez, I., Hussain, N., Khan, S., & Martínez-Ferrero, J. (2021). Assurance of corporate social responsibility reports: Examining the role of internal and external corporate governance mechanisms. *Corporate Social Responsibility and Environmental Management, 29*(1), 89–106. https://doi.org/10.1002/csr.2186

George, G., Merrill, R. K., & Schillebeeckx, S. J. D. (2020). Digital sustainability and entrepreneurship: How digital innovations are helping tackle climate change and sustainable development. *Entrepreneurship Theory and Practice, 45*(5), 999–1027. https://doi.org/10.1177/1042258719899425

Kang, Y., & Kim, B. (2012). Ownership structure and firm performance: Evidence from the Chinese corporate reform. *China Economic Review, 23*(2), 471–481. https://doi.org/10.1016/j.chieco.2012.03.006

Kim, Y., Park, M. S., & Wier, B. (2012). Is earnings quality associated with corporate social responsibility? *The Accounting Review, 87*(3), 761–796. https://doi.org/10.2308/accr-10209

Kruse, D., Freeman, R., & Blasi, J. (2010). Do workers gain by sharing? Employee outcomes under employee ownership, profit sharing, and broad-based stock options. *Industrial and Labor Relations Review, 64*(1), 3–33. https://doi.org/10.1177/001979391006400101

Li, L., Saat, M. M., & Jiayi, W. (2024). The effect of ESG disclosure on firm value: Empirical evidence from Chinese listed companies. *International Journal of Academic Research in Business and Social Sciences, 14*(1). https://doi.org/10.6007/ijarbss/v14-i1/20524

Li, Y., & Li, S. (2024). ESG performance and innovation quality. *International Review of Economics & Finance, 92*, 1361–1373. https://doi.org/10.1016/j.iref.2024.02.063

Liu, H., & Lee, H. (2024). The role of ownership structure in the relationship between environmental, social, and governance practices and financial reporting quality: Evidence from China. *Sustainability, 16*(23), 10687. https://doi.org/10.3390/su162310687

Maluleka, M. L., & Chummun, B. Z. (2023). Competitive intelligence and strategy implementation: Critical examination of present literature review. *South African Journal of Information Management, 25*(1). https://doi.org/10.4102/sajim.v25i1.1610

Octavio, M. F. R., Setiawan, D., Aryani, Y. A., & Arifin, T. (2025). Corporate governance as a driver: Enhancing ESG performance in ASEAN companies. *Business Strategy & Development, 8*(2). https://doi.org/10.1002/bsd2.70104

Octavio, M. F. R., Setiawan, D., Aryani, Y. A., & Arifin, T. (2025b). Ownership structure and ESG performance: An empirical analysis of Indonesian companies. *Asian Journal of Accounting Research*, 1–26. https://doi.org/10.1108/ajar-10-2024-0449

Ogu, S. J. (2024). Employee participation in decision-making and organizational commitment: A study of modern organizations. *Journal of Commerce Management and Tourism Studies, 3*(1), 55–64. https://doi.org/10.58881/jcmts.v3i1.208

Orazayeva, A., & Arslan, M. (2022). Employee ownership, corporate social responsibility and financial performance: Evidence from the UK. *International Journal of Managerial and Financial Accounting, 14*(4), 362. https://doi.org/10.1504/ijmfa.2022.126551

Pan, Y., Wang, H., & Liu, Z. (2025). Corporate ESG performance, ownership structure and export intensity: Evidence from Chinese listed companies. *International Journal of Finance & Economics, 31*(1), 789–803. https://doi.org/10.1002/ijfe.3167

Pendleton, A., & Robinson, A. (2011). Employee share ownership and human capital development: Complementarity in theory and practice. *Economic and Industrial Democracy, 32*(3), 439–457. https://doi.org/10.1177/0143831x10387650

Schiehll, E., Ahmadjian, C., & Filatotchev, I. (2014). National governance bundles perspective: Understanding the diversity of corporate governance practices at the firm and country levels. *Corporate Governance: An International Review, 22*(3), 179–184. https://doi.org/10.1111/corg.12067

Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning, 51*(1), 40–49. https://doi.org/10.1016/j.lrp.2017.06.007

Wang, J., Hu, X., & Zhong, A. (2022). Stock market reaction to mandatory ESG disclosure. *Finance Research Letters, 53*, 103402. https://doi.org/10.1016/j.frl.2022.103402

Wang, J., & Tan, C. H. (2019). Mixed ownership reform and corporate governance in China's state-owned enterprises. *SSRN Electronic Journal, 53*(3), 1055–1107. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3476155

Wang, W., Zhao, C., Jiang, X., Huang, Y., & Li, S. (2020). Corporate environmental responsibility in China: A strategic political perspective. *Sustainability Accounting, Management and Policy Journal, 12*(1), 220–239. https://doi.org/10.1108/sampj-12-2019-0448

Zhao, R., Xu, J., Zhao, Y., & Feng, Y. (2025). Resource allocation pattern to green technology innovation efficiency: Synergy between environmental resource orchestration and firms' digital capabilities. *Journal of Innovation & Knowledge, 10*(4), 100760. https://doi.org/10.1016/j.jik.2025.100760