

Concentrate to compete: the role of equity concentration in textile and garment firms' global market responsiveness

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ABSTRACT – REZUMAT

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As a key sector in China with a large global industrial system and a significant export share, the textile and garment industry faces competition in both high- and low-end markets amid global industrial chain restructuring, making internationalisation both imperative and challenging. This study examines how equity concentration affects the internationalisation of firms in the industry, focusing on the mediating mechanism of internal control optimisation. Results show that equity concentration effectively facilitates firms' internationalisation by enhancing internal control and boosting management efficiency, while excessively dispersed equity impedes this process: owing to delayed decision-making, reduced operational efficiency, and sluggish responses to the dynamic international market. We verify that equity concentration promotes firms' internationalisation, and this effect is achieved through improved internal control. The findings underscore the critical role of equity concentration and internal control in driving textile and garment firms' internationalisation.

Keywords: equity concentration, internationalisation, internal control, textile industry, garment industry

Concentrare pentru a face față concurenței: rolul concentrării capitalului propriu în capacitatea de adaptare la piața globală a întreprinderilor din sectorul de textile-îmbrăcăminte

Fiind un sector cheie în China, cu un sistem industrial global extins și o cotă semnificativă de export, industria textilă și de îmbrăcăminte se confruntă cu o concurență dublă pe piață, atât la segmentul de vârf, cât și la cel de bază, pe fondul restructurării lanțului industrial global, ceea ce face ca internaționalizarea să fie atât imperativă, cât și plină de provocări. Prezentul studiu analizează modul în care concentrarea capitalului propriu influențează internaționalizarea întreprinderilor din acest sector, punând accentul pe mecanismul de mediere reprezentat de optimizarea controlului intern. Rezultatele arată că un grad ridicat de concentrare a capitalului propriu facilitează în mod eficient internaționalizarea firmelor prin îmbunătățirea controlului intern și sporirea eficienței managementului, în timp ce o dispersie excesivă a capitalului propriu împiedică acest proces din cauza întârzierilor în luarea deciziilor, a eficienței operaționale reduse și a reacțiilor lente la dinamica pieței internaționale. Confirmăm că un grad ridicat de concentrare a capitalului propriu promovează internaționalizarea firmelor, iar acest efect este obținut prin îmbunătățirea controlului intern. Concluziile subliniază rolul esențial al concentrării capitalului propriu și al controlului intern în stimularea internaționalizării firmelor din industria textilă și de îmbrăcăminte.

Cuvinte-cheie: concentrarea capitalului propriu, internaționalizare, control intern, industria textilă, industria de îmbrăcăminte

INTRODUCTION

The textile and garment industry is a vital pillar of both national economic growth and social development. China has established the world's largest and most comprehensive textile industrial system, accounting for over 50% of global fibre processing and more than one-third of global textile and clothing exports. The industry plays a "ballast stone" role in stabilising China's economy and occupies a central position in the global textile supply chain. With deepening economic globalisation, internationalisation has become an inevitable trend for textile and garment firms. Expanding overseas allows firms to diversify markets, reach broader consumer bases, and mitigate dependence on single markets. By optimising global resource allocation, firms can exploit

regional differences in factor costs, thereby lowering production costs and enhancing competitiveness [1–5]. Internationalisation also facilitates access to advanced technologies, managerial expertise, and innovative practices, which in turn improves technological capability and operational efficiency. Through cooperation with foreign enterprises and cross-border mergers and acquisitions, some Chinese firms have successfully introduced cutting-edge technologies and management systems, promoting product upgrading and reinforcing their global presence. However, the accelerated restructuring of global industrial and supply chains presents new challenges. Developed economies dominate in high-performance fibre materials, functional textiles, and advanced textile equipment, while developing countries expand

rapidly in labour-intensive, low-cost end products. Consequently, Chinese textile and garment firms face dual competitive pressures from both the high-end and low-end segments. To sustain competitiveness, they must enhance innovation capacity, optimise supply chain management, and pursue lean, efficient operations. In high-end markets, firms need to increase R&D investment and overcome technological bottlenecks to enhance product value. In low-end markets, they must retain cost advantages while ensuring quality through efficiency-oriented management and strategic resource allocation.

Equity concentration is widely recognised as a mechanism to improve management efficiency and decision-making quality [1]. Since the main decision-making power is concentrated in a few shareholders, firms can make decisions quickly when facing major decisions. This reduces internal differences and the cumbersomeness of decision-making procedures, allowing them to seize market opportunities promptly and respond quickly to market changes. When market demand changes suddenly, firms with concentrated equity can quickly adjust production plans and change product strategies. They can seize market opportunities before competitors are still in the decision-making discussion stage. Controlling shareholders often have clear long-term plans and strategic directions for the development of the firm. They are not easily disturbed by short-term market fluctuations and the interest demands of other shareholders. They can firmly promote the firm to move forward along the established strategic path, maintaining the stability and consistency of the firm's strategy. This stability helps firms continuously invest resources in technological R&D, brand building and market expansion, laying a solid foundation for their long-term development. For example, in some textile firms with a long-term internationalisation strategy, controlling shareholders can continue to invest funds in building overseas production bases and expanding marketing channels without being affected by short-term profit fluctuations, gradually realising the firm's international layout.

Then, how does equity concentration affect the internationalisation strategies of Chinese A-share textile and garment firms? Can it effectively boost a firm's overseas business income? What channels does equity concentration use to push a firm toward internationalisation? And what role do these channels play in the internationalisation of textile and garment firms? In today's policy context and market environment, what should textile and garment firms optimise to achieve better internationalisation? This paper studies these issues. It aims to offer theoretical support and practical guidance for the internationalisation of textile and garment firms in China and other developing countries. This support and guidance help boost their international competitiveness and ability to develop sustainably.

Studying the link between equity concentration and internationalisation helps firms adjust their equity

structure properly. It also helps them improve corporate governance and raise decision-making efficiency. This lets them better handle the complex, changing international market environment. At the same time, it gives the government valuable references. These references help in making relevant industrial policies. They also guide the healthy development of textile and garment firms. By analysing in depth how equity concentration affects a firm's internationalisation mechanism, we can offer targeted suggestions. These suggestions help firms with technological innovation, market expansion, and supply chain optimisation. In turn, this helps them stand out in global textile industry competition.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Equity concentration and internationalisation

Ownership structure stands as a core element of corporate governance. It forms the base of governance systems. It also has far-reaching impacts on three key areas of firms: decision-making mechanisms, operational efficiency, and strategic development. Equity concentration is a key form of ownership structure. It happens when a small number of major shareholders hold a large share of a firm's stocks. With this high shareholding, these major shareholders gain significant control over the firm's operational decisions.

For Chinese A-share textile firms, equity concentration brings clear advantages. When equity is concentrated among a few major shareholders, the decision-making process becomes more streamlined. Major shareholders act based on their own interests and long-term development plans. This lets them respond quickly to market changes. They can create and carry out decisions without the inefficiencies and delays that come with dispersed ownership [1]. This streamlining is vital in the fast-paced textile industry, where slow decisions can mean lost opportunities.

To understand how equity concentration affects a firm's internationalisation plans, two key theories offer clear explanations: agency theory and resource dependence theory (figure 1).

From the angle of agency theory, a concentrated ownership structure cuts down agency costs significantly. It does this by reducing the gap in information between shareholders and management. Major shareholders have control advantages. They use these advantages to monitor managerial behaviour more effectively. This monitoring helps make sure strategic decisions are consistent. It also boosts the efficiency of putting these decisions into action. In turn, this provides a solid organisational guarantee for the firm's internationalisation efforts [6–15]. This effect is even more obvious in the textile industry. The textile industry has unique traits. It requires firms to react fast to changes in international market demand. A concentrated ownership structure helps shorten the chain of decision-making. It also improves how well resources are allocated across borders. For example,

take emerging markets like India. In these markets, higher ownership concentration links to greater international diversification. So that the higher ownership concentration can come from either domestic or foreign investors. Major shareholders here have stronger reasons to seek long-term growth. They do this by expanding the firm's reach across the globe [7]. This shows that equity concentration can drive firms to look beyond their home markets.

From the perspective of resource dependence theory, equity concentration strengthens a firm's control over key resources. This control lays a material foundation for internationalisation. The textile industry is labour-intensive. Its internationalisation relies heavily on the ability to integrate resources. These resources include supply chain management, technological R&D, and brand building. Concentrated ownership gives major shareholders the power to inject resources into the firm. This injection enhances the firm's competitive advantages in the global value chain [8]. Research on family firms further supports this idea. It shows that concentrated ownership lets firms use unique social capital. It also lets them keep a long-term focus. These two factors help firms get past resource limits in international markets [2]. For textile firms, having access to more resources and a long-term view is key to succeeding in foreign markets.

Hypothesis 1: Equity concentration promotes the internationalisation of the textile and garment firms.

The mediating role of internal control

Internal control is of great importance to a firm's operations. It includes a range of self-regulatory methods, steps, and actions. These elements serve multiple purposes. They help the firm reach its operational goals. They protect the firm's assets. They make sure accounting information is reliable. They enforce operational policies. And they boost the efficiency and effectiveness of the firm's work. A strong internal control system works well [16]. It reduces operational risks. It increases efficiency. And it makes financial information more authentic and trustworthy.

For Chinese listed firms, the effectiveness of internal control has a strong positive link to the quality of corporate governance. This includes ownership concentration. Major shareholders have stronger motives to set up sound control mechanisms. They do this to protect their own interests [16]. So, equity concentration and strong internal control often go hand in hand. Internal control is essential for the internationalisation of Chinese A-share textile firms. When a firm operates internationally, it faces many challenges. These include complex and changing market environments. They also include different legal and regulatory systems across regions. Cultural conflicts add another layer of difficulty. All these factors bring risks to the firm. Effective internal control can deal with these risks. It uses risk assessment mechanisms to spot potential risks early. Then, it develops strategies to respond to these risks. This reduces the level of risk during the internationalisation process [14].

From the resource-based view, internal control is an organisational capability. It improves operational efficiency in two key ways. First, it standardises internal processes. Second, it integrates internal and external resources. This capability helps firms adapt to changes in international markets. It also enhances their competitiveness. There is empirical evidence to back this up. Studies on Chinese manufacturing firms show that better internal control helps reduce the "liabilities of foreignness." This term refers to the extra costs and risks firms face when operating in foreign markets. This effect is especially strong for firms with higher governance quality [17, 18]. For textile firms looking to go global, this means strong internal control can make their international journey smoother.

Equity concentration plays a key role in enhancing a firm's internal control quality [6]. Major shareholders have two main goals: preserving their wealth and making it grow. These goals give them strong incentives to monitor management. They want to make sure the firm's operations align with their interests. So, they take active steps. They help set up and improve internal control systems. They also bolster supervision over financial and operational processes. When major shareholders hold a large number of shares, they invest more resources in monitoring. They keep an eye on key areas like procurement, production, and sales. This monitoring prevents managerial opportunism. Managerial opportunism refers to situations where managers act in their own interest instead of the firm's. By stopping this, major shareholders ensure the firm's operations are compliant and effective [15].

This finding matches other research results. Studies show that ownership concentration reduces weaknesses in internal control. It does this by increasing the intensity of monitoring. This is especially true in emerging economies. In these economies, external governance mechanisms, such as strong regulatory bodies or active stock markets, are less developed [7]. So, internal control becomes even more critical, and equity concentration helps strengthen it.

When we look at Chinese textile firms specifically, institutional factors further support the mediating role of internal control. Institutional transitions are taking place in China. During this period, firms with concentrated ownership prefer to develop high-quality internal control systems. They do this to meet the demands of international markets. These systems help them overcome institutional barriers in cross-border operations [18]. This creates a clear path: equity concentration improves internal control. Then, better internal control makes internationalisation easier. It does this by reducing risks and improving how resources are allocated.

Hypothesis 2: The textile and garment firms improve internal control quality through equity concentration, thereby facilitating their internationalisation.

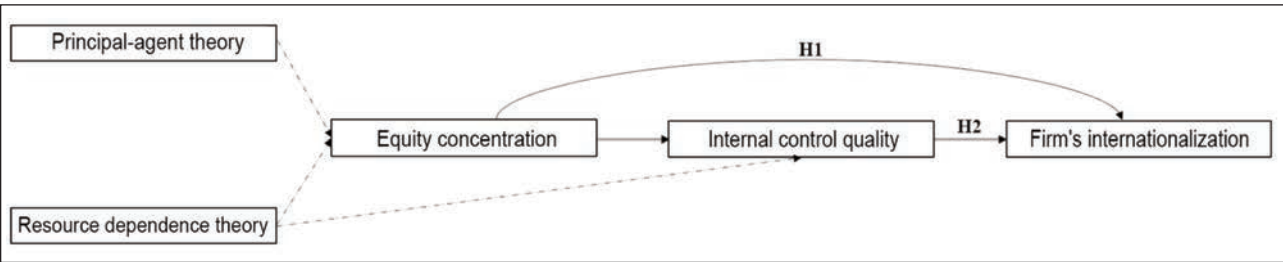


Fig. 1. Research frame

RESEARCH METHODOLOGY

Sample selection and data sources

The basic information and financial characteristics of the textile and garment firms come from the CSMAR database and the Wind database. To ensure the sample is valid, we screen data as follows: (1) Remove ST, *ST, and PT firms with abnormal operations. (2) Exclude firms that have been listed for less than a year, delisted, or suspended. (3) Exclude enterprises that issue B shares or H shares at the same time. (4) Exclude enterprises whose place of registration is not in China. (5) Eliminate enterprises with obvious deficiencies in financial characteristics data. After the above processing, 1290 observations of 157 firms are finally obtained for analysis. Table 1 shows the descriptive statistics for these variables.

Variable

Explanatory variable

We measure the equity concentration using the total shareholding ratio of the firm's top three shareholders, and mark it as Shrcr2. The higher the value of Shrcr2, the more concentrated the equity of the firm.

Explained variable

We measure a firm's internationalisation using the logarithm of its overseas business income, which reflects the scale and intensity of a firm's engagement in foreign markets. This indicator captures both the breadth and depth of international operations through actual revenue generated abroad, making it one of the most widely adopted measures of internationalisation in prior studies [9, 10, 13]. This indicator shows how much a firm participates in specific over-

seas markets. A higher value means the firm has more experience in international business.

Compared with alternative indicators such as the number of markets or the entry mode, overseas business income provides a more direct and continuous measure of firms' international performance. It reflects not only the presence but also the effectiveness of firms' operations in overseas markets. Revenue-based measures also account for differences in firm size and market strategies, allowing for cross-firm comparability within the same industry.

Mediating variable

We use the internal control index from the DIB database to measure the internal control quality of listed firms. IC stands for this index. A higher IC value means better internal control quality of the firm.

Control variables

To minimise estimation bias from omitted variables, this study includes several firm-level controls that may affect the degree of internationalisation. These variables capture key firm characteristics, which are commonly identified in prior research as determinants of firms' global expansion.

(1) Firm listing age (ListAge). Measured as the natural logarithm of the current year minus the firm's listing year, firm age reflects organisational experience and market stability. Older firms tend to possess stronger governance structures and accumulated capabilities, facilitating more effective international expansion.

(2) Firm size (FixedAss). Calculated as the natural logarithm of the net value of fixed assets at year-end, firm size captures financial strength and operational scale. Larger firms have greater capacity to absorb

Table 1

VARIABLES DESCRIPTIVE STATISTICS					
Variable	Observations	Mean	St. Dev	Min	Max
lninc	1290	12.413	9.588	0	24.711
Shrcr2	1290	0.477	0.157	0.129	0.947
ListAge	1290	2.162	0.830	0	3.434
FixedAss	1290	20.397	1.438	15.113	26.127
ROA	1290	0.029	0.063	-0.578	0.218
Lev	1290	0.426	0.192	0.047	0.925
WW_index	1290	-1.005	0.181	-5.993	-0.779
ln_tur	1290	0.091	0.742	0.002	21.861
OverseasBack	1290	0.566	0.983	0	6.000

internationalisation costs and manage complex global supply chains [9].

(3) Firm profitability (ROA), which is return on assets. Defined as net profit divided by total assets, profitability indicates a firm's internal capital availability and managerial efficiency. More profitable firms are better positioned to finance overseas investments and sustain longer payback periods in international projects [4].

(4) Firm leverage ratio (Lev). Measured by the ratio of total liabilities to total assets, leverage represents financial risk and debt burden. Higher leverage often constrains firms' flexibility to engage in risky foreign ventures due to stricter debt covenants and limited borrowing capacity.

(5) Firm financing constraints (WW_index). Constructed using the Whited and Wu [17] approach, this index reflects a firm's external financing difficulties. Firms facing fewer financial constraints can allocate more resources to R&D, marketing, and foreign market development [11].

(6) Firm inventory turnover (In_tur). Calculated as the ratio of cost of sales to average inventory, this variable proxies for operational efficiency and supply chain capability. Higher turnover indicates effective logistics and inventory management, which are essential for maintaining responsiveness in international markets [19].

(7) Number of directors with overseas backgrounds (OverseasBack). Measured as the number of executives or directors with overseas education or work experience, this variable captures international managerial expertise. Directors with global experience bring cross-cultural understanding and networks that enhance the firm's ability to identify and exploit foreign market opportunities.

Mathematical modelling

Benchmark model

We want to evaluate how equity concentration affects the internationalisation of textile and garment firms. So, we have developed a fixed-effect panel econometric model. This model is based on the theoretical analysis and research hypotheses from the previous section.

$$Ininc_{it} = \beta_0 + \beta_1 Shrcr2_{it} + \sum control_{it} + \delta_{it} + e_{it} \quad (1)$$

In the econometric model (1), the subscripts i and t stand for a textile and garment firm i and a year t , respectively. $Shrcr2_{it}$ shows the equity concentration of the sample firm in year t . $Ininc_{it}$ stands for the internationalisation of the firm in year t . $\sum control_{it}$ are the control variables, which may affect $Ininc_{it}$. δ_{it} is the time fixed effect, and e_{it} is the residual term. β_0 denotes the constants, and coefficient β_1 measures how equity concentration affects the firm's internationalisation.

Mediating effect model

We use a firm's internal control as a mediating variable. This helps us further explore how equity concentration affects a firm's internationalisation through specific paths. We use the mediation effect model

from Baron and Kenny [3]. With this model, we create recursive equations 2 and 3. In these equations, M_{it} is the mediating variable: a firm's internal control. Also, δ_{it} and e_{it} have the same meanings as in Model 1. A mediating effect exists in two cases. First, the coefficient η of $Shrcr2_{it}$ in Model 2 must be significant. Second, the coefficient γ of the mediator in Model 3 must be significant.

$$M_{it} = \eta_0 + \eta_1 Shrcr2_{it} + \sum control_{it} + \delta_{it} + e_{it} \quad (2)$$

$$Ininc_{it} = \gamma_0 + \gamma_1 Shrcr2_{it} + \gamma_2 M_{it} + \sum control_{it} + \delta_{it} + e_{it} \quad (3)$$

MAIN ANALYSES

Empirical result

We present the regression results in table 2. Column (1) shows a univariate regression with no control variables. The coefficient estimate for $Shrcr2$ is positive and significant. Column (2) includes other control variables. The coefficient for $Shrcr2$ here is 8.783. In both columns (1) and (2), the benchmark regressions show that the coefficient for $Shrcr2$ is significantly positive at the 5% level. This means that higher equity concentration significantly promotes a firm's internationalisation. Thus, hypothesis 1 is supported.

Endogeneity test

The empirical results show that equity concentration is positively related to firms' internationalisation. But there may be another reason. Firms with higher overseas income are more willing and able to increase their equity concentration. This creates a reverse causality problem. We can reduce this reverse causality by using lagged explanatory variables. Lagged equity concentration is less likely to be affected by current internationalisation. Then we use one-period lagged equity concentration as the explanatory variable and re-run the regression. Columns (3) and (4) of table 2 show these re-run results. And they confirm that the conclusions remain robust.

Mechanism analysis

This study aims to examine how textile and garment firms improve their internal control quality through equity concentration, and how this helps their internationalisation. We test the mediating effect using a stepwise method. The results are in columns (1) and (2) of table 3. Column (1) shows the regression results. Here, the dependent variable is the internal control index. The coefficient for $Shrcr2$ is significantly positive. This means that a higher $Shrcr2$ value means the firm has better internal control quality. Column (2) shows the regression results after we add the mediating variable to the model. The coefficient for IC is significantly positive at the 10% significance level. The coefficient for $Shrcr2$ is significantly positive at the 5% significance level. What's more, the estimated coefficient for $Shrcr2$ in table 3, column (2) is smaller than that in table 2, column (2). This suggests that equity concentration can effectively improve internal control quality. In turn, this helps boost the firm's internationalisation. Therefore, hypothesis 2 is supported.

Table 2

EMPIRICAL RESULT AND ENDOGENEITY TEST				
VARIABLE	(1)	(2)	(3)	(4)
Shrcr2	8.072** (4.020)	8.783** (4.307)		
L.Shrcr2			8.343* (4.275)	8.346* (4.624)
ListAge		0.705 (0.921)		0.394 (1.291)
FixedAss		0.691 (0.455)		0.501 (0.485)
ROA		7.462** (3.730)		4.458 (4.182)
Lev		5.016** (2.395)		3.782 (2.582)
WW_index		3.104* (1.714)		-0.939 (2.497)
In_tur		-0.305 (0.255)		-0.324 (0.287)
OverseasBack		0.376 (0.336)		0.450 (0.310)
Constant	8.564*** (1.917)	-6.816 (8.953)	9.130*** (2.055)	-4.961 (10.299)
Firm FE & Year FE	Yes	Yes	Yes	Yes
Observations	1290	1290	1118	1118
Firms	157	157	157	157
R ²	0.739	0.749	0.769	0.774

Note: Robust standard errors in parentheses are clustered at the firm level. * p<0.1, ** p<0.05, *** p<0.01. All of the above are the same; omitted.

Placebo test

To check if the study's empirical results come from equity concentration rather than other factors [12], we create a random value for equity concentration (RanShrcr2). We use this value to run placebo tests. If equity concentration truly affects Ininc, the random

version of equity concentration will not affect a firm's internationalisation. We also create a random value for internal control quality (RanIC). This helps us run placebo tests for the mediating effect. These regression results are in table 3. In column (1) of table 3, the coefficient for random equity concentration is not significantly different from zero. This differs from the results in column (2) of table 2. It means our empirical results pass the placebo test. Similarly, columns (4) and (5) of table 3 show that our mechanism analysis results also pass the placebo test.

Other robustness checks

We need to test whether empirical results might differ based on how we define explanatory and dependent variables. We replace the equity concentration indicator with two measures. One is the sum of the shareholding ratio of the firm's top 1 shareholder (Shrcr1). The other is the sum of the shareholding ratios of the firm's top 5 shareholders (Shrcr5). The results are in table 4, columns (1) and (2). They show that our empirical results pass the placebo test.

We also redefine a firm's internationalisation. Now it depends on whether the sample firm has overseas business income. If it does, deep_yes scores 1; otherwise, it scores 0. The results are in table 4, columns (3) and (4). They confirm that our empirical results pass the placebo test. Since deep_yes is a dummy variable, we further change the regression model to xttoit. The results are in table 4, columns (5) and (6). They again show the empirical results pass the placebo test.

In addition, the sample may have a serious left-bias problem. The interpreted variable has a minimum value of 0. So we change the model's estimation method. We use the Poisson pseudo-maximum likelihood estimation (ppmlhdfc) for fixed-effect panels. We then re-run the regression. The results are in table 4, columns (7) and (8). These results show that

Table 3

MECHANISM ANALYSIS AND PLACEBO TEST					
VARIABLE	(1)	(2)	(3)	(4)	(5)
	IC	Ininc	Ininc	RanIC	Ininc
Shrcr2	3.238*** (0.680)	8.231** (4.014)		-0.177 (0.654)	8.781** (4.308)
RanShrcr2			1.238 (0.775)		
IC		0.189* (0.106)			
RanIC					-0.010 (0.073)
Controls	Yes	Yes	Yes	Yes	Yes
Constant	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes
Observations	1290	1290	1290	1290	1290
Firms	157	157	157	157	157
R ²	0.757	0.740	0.746	0.167	0.749

Table 4

OTHER ROBUSTNESS CHECKS										
VARIABLE	Replace Shrcr2		Replace Ininc		Replace Ininc, xtobit		ppmlhdfe		Province	City
	Ininc	Ininc	deep_yes	deep_yes	deep_yes	deep_yes	Ininc	Ininc	Ininc	Ininc
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Shrcr1	7.344* (4.297)									
Shrcr3		8.015* (4.443)								
Shrcr2			0.342* (0.182)	0.431** (0.192)	0.516*** (0.145)	0.562*** (0.164)	0.778** (0.356)	0.789** (0.368)	8.783** (3.674)	8.783** (3.716)
Controls	Yes	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes
Constant	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1290	1290	1290	1290	1290	1290	1056	1056	1290	1290
Firms	157	157	157	157	157	157	121	121	157	157
Pseudo R ² or R ²	0.748	0.749	0.746	0.753	/	/	0.320	0.328	0.749	0.749

the findings in table 2, column (2), pass the placebo test.

Finally, the textile and garment industry often has an agglomeration effect. This may cause empirical results to miss regional-level variables. To address this, we conduct robustness tests by clustering at the provincial and city levels. The results are in table 4, columns (9) and (10). These results confirm that the findings in table 2, column (2), pass the placebo test.

FURTHER DISCUSSION: PRACTICAL INSIGHTS AND GLOBAL RELEVANCE

For textile and garment firms striving to enhance international competitiveness, two core strategies stand out. Firstly, optimise equity structure for moderate concentration. Excessively scattered ownership hampers decision speed and efficiency, leaving firms ill-equipped to adapt to global market shifts. Firms can issue private placements to investors who align with their development vision and possess strong financial backing, boosting major shareholders' stakes and control. They can also bring in strategic investors that offer industry experience, market resources and advanced management beyond capital. Firms must prioritise business compatibility to foster industrial chain synergy and clarify rights and obligations via articles of association to prevent power abuse and ensure strategic contributions. Secondly, build a comprehensive internal control system covering all operations, including overseas subsidiaries, which face higher risks from legal and cultural differences. Focus on cross-border capital flows and supply chain management. Monitor exchange rate fluctuations and financial policy changes using financial derivatives to mitigate currency risks. Establish long-term supplier partnerships and adopt intelligent management systems to track raw material deliveries,

identify delays early and adjust production plans promptly.

Governments play a key supportive role. Promote equity incentives with tax benefits to align the interests of major shareholders, management, and minority investors. Enforce clear rules on incentive targets, methods, and exercise conditions to protect minority shareholders. Develop industry-specific internal control guidelines covering finance, risk management, and internal audit that are accessible to small and medium-sized firms. Conduct regular evaluations rewarding strong implementation and requiring timely fixes for flaws. Expand export credit insurance by lowering premiums, broadening coverage, and increasing compensation ratios. Provide tiered overseas investment subsidies with higher support for high-value R&D projects to encourage value-added activities.

Globally, the findings offer valuable guidance for developing countries facing similar competitive pressures and resource constraints. Adopting equity concentration and supply chain practices can help their firms improve market responsiveness. Chinese firms with robust internal control enhance global supply chain stability, supporting reliable sourcing and aligning with ethical production trends. The strategies foster South-South cooperation through job creation and technology transfer in host nations. They also facilitate North-South collaboration by enabling developing country firms to produce higher quality goods for high-end market partnerships. Balancing R&D investments and internal control efficiency helps firms navigate industrial chain restructuring, reducing intense competition and promoting a more balanced global textile industry.

CONCLUSION AND AVENUES FOR FUTURE WORK

This research investigates the influence of equity concentration on the internationalisation of Chinese A-share textile and garment firms, with a specific focus on the mediating role of internal control optimisation. Using firm-level panel data and multiple robustness checks, the study finds that moderate equity concentration effectively promotes firms' internationalisation. Theoretically, this study integrates ownership structure, internal control, and internationalisation into a unified mechanism-based framework, extending agency and resource-dependence theories to the labour-intensive, supply-chain-complex textile and garment sector, and providing governance-driven explanations for emerging-market multinationals. Empirically, it offers industry-specific evidence that governance configurations can partially substitute for technology or brand advantages in facilitating global expansion. Practically, this study suggests that firms should rationalise their equity structure to preclude excessive dispersion while safeguarding effective oversight, and establish a

high-quality internal control system tailored to overseas operational needs.

Although this study provides important insights into how equity concentration and internal control influence the internationalisation of textile and garment firms, several limitations should be acknowledged, offering directions for future research. First, the empirical analysis focuses solely on Chinese A-share textile and garment firms. This industrial and regional concentration may constrain the generalizability of the findings. Future studies could conduct cross-country comparative analyses to verify whether the observed relationships hold in other emerging economies or developed markets, thereby enriching the external validity of this framework. Second, this paper focuses solely on identifying internal control as the key mediating mechanism. Future research might develop multiple-mediator or moderated mediation models to explore such alternative pathways, thereby offering a more comprehensive insight into the underlying process.

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