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Trade Remedies and Export Strategy Adjustment Among SMEs in Ho Chi Minh City, Vietnam

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Abstract: The increasing use of trade remedy measures has become a prominent feature of the contemporary global trading environment, creating considerable challenges for exporting firms, particularly small and medium-sized enterprises (SMEs) in developing economies. While previous studies have primarily focused on the macroeconomic consequences of trade remedies, limited attention has been devoted to understanding how SMEs strategically respond to these trade barriers at the firm level. Addressing this gap, the present study investigates the influence of trade remedy-related factors on export strategy adjustment among SMEs in Ho Chi Minh City, Vietnam.

Grounded in the Resource-Based View (RBV), Institutional Theory, and the Adaptive Strategy Perspective, the study proposes a conceptual framework incorporating five explanatory variables: trade remedy tariffs and related costs, trade policy uncertainty, firm capability, institutional support, and market diversification. Data were collected from 210 export-oriented SMEs operating in Ho Chi Minh City and analyzed using Cronbach's Alpha, Exploratory Factor Analysis (EFA), Pearson correlation analysis, and multiple regression techniques.

The findings indicate that trade policy uncertainty exerts the strongest influence on export strategy adjustment, followed by market diversification, institutional support, and firm capability. In contrast, trade remedy tariffs and related costs do not significantly affect export strategy when other strategic factors are taken into account. These results suggest that SMEs are more responsive to uncertainty and strategic risks associated with international trade than to direct financial burdens alone.

This study contributes to the growing literature on SME adaptation under trade policy pressure by highlighting the importance of organizational preparedness, market flexibility, and institutional support mechanisms. The findings also provide practical implications for managers and policymakers seeking to strengthen the resilience and international competitiveness of Vietnamese SMEs in an increasingly uncertain global trade environment.

Keywords: *Trade Remedies; Export Strategy Adjustment; SMES; Trade Policy Uncertainty; Market Diversification; Vietnam.*

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I. INTRODUCTION

The global trading environment has become increasingly complex and uncertain in recent years. Alongside the expansion of international trade and the proliferation of free trade agreements, governments have intensified the use of trade remedy instruments, including anti-dumping measures, countervailing duties, and safeguard actions, to protect domestic industries from perceived unfair competition. Although these measures are legally recognized under the World Trade Organization (WTO) framework, they frequently alter competitive conditions, increase compliance requirements, and create significant challenges for exporting firms.

For developing economies such as Vietnam, trade remedies have become an increasingly important issue. As one of the most export-oriented economies in Southeast Asia,

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Vietnam has benefited substantially from international economic integration through agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the European Union–Vietnam Free Trade Agreement (EVFTA), and the Regional Comprehensive Economic Partnership (RCEP). These agreements have expanded market access opportunities for Vietnamese firms while simultaneously exposing them to greater scrutiny and a growing number of trade remedy investigations in foreign markets.

Small and medium-sized enterprises (SMEs) are particularly vulnerable to these developments. Unlike large multinational corporations, SMEs often operate with limited financial resources, restricted access to legal expertise, and weaker market intelligence capabilities. As a result, trade remedy actions may generate consequences that extend beyond direct tariff increases. They can influence strategic decisions related to market selection, export diversification, pricing policies, product adaptation, and long-term international expansion. Understanding how SMEs respond strategically to such challenges is therefore essential for both business practitioners and policymakers.

Existing studies have examined the economic consequences of trade remedies from various perspectives, including trade flows, export performance, firm productivity, and market reallocation. Research has also highlighted the growing importance of trade policy uncertainty as a determinant of firm behavior in international markets. However, most prior studies have concentrated on macroeconomic outcomes, industry-level effects, or large exporting firms. Comparatively little attention has been paid to how SMEs adapt their export strategies when confronted with trade remedy-related pressures, particularly in emerging economies where institutional conditions and resource constraints differ substantially from those of developed countries.

Furthermore, previous research has tended to investigate individual determinants of export adaptation separately, such as trade barriers, firm resources, or institutional support. Limited empirical evidence is available regarding the combined influence of trade remedy tariffs, policy uncertainty, organizational capability, institutional support, and market diversification on export strategy adjustment. This gap is particularly relevant in the Vietnamese context, where SMEs constitute more than 97 percent of all enterprises and play a critical role in export growth and economic development.

To address these gaps, the present study examines the effects of trade remedy-related factors on export strategy adjustment among SMEs in Ho Chi Minh City, Vietnam. Drawing upon the Resource-Based View (RBV), Institutional Theory, and the Adaptive Strategy Perspective, the study develops and empirically tests a research model incorporating five explanatory variables: trade remedy tariffs and related costs, trade policy uncertainty, firm capability, institutional support, and market diversification.

This study contributes to the literature in several important ways. First, it extends trade remedy research by shifting the analytical focus from macro-level trade outcomes to firm-level strategic adaptation. Second, it integrates internal organizational factors and external institutional pressures within a unified theoretical framework, thereby providing a more comprehensive explanation of SME export behavior. Third, the study offers empirical evidence from Vietnam, an emerging economy that has become increasingly exposed to trade remedy actions in global markets. Finally, the findings provide practical insights for managers and policymakers seeking to strengthen SME resilience and competitiveness under conditions of rising trade protectionism and policy uncertainty.

The remainder of this paper is organized as follows. The next section reviews the relevant literature and develops the research hypotheses. Section 3 describes the research methodology. Section 4 presents the empirical findings. Section 5 discusses the results and their theoretical implications. Section 6 outlines managerial and policy implications, while Section 7 concludes the study and suggests directions for future research.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

A. *Trade Remedies in International Trade*

Trade remedies are policy tools used by governments to protect domestic industries from unfair competition or import surges. The three principal instruments are anti-dumping measures, countervailing measures, and safeguards. Anti-dumping duties are imposed when imported goods are sold at unfairly low prices; countervailing measures target foreign subsidies that distort competition; and safeguard measures are designed to provide temporary protection when a sudden increase in imports causes serious injury to domestic producers.

Although these instruments are lawful under WTO rules, they create substantial challenges for exporters. Firms targeted by trade remedy investigations may face higher tariffs, more complicated customs procedures, legal expenses, disclosure obligations, and reputational risks. In many cases, the anticipation of trade defense actions can be as influential as the duties themselves.

B. *Export Strategy*

Export strategy refers to the long-term orientation and coordinated decisions through which firms organize and adapt their export activities in order to achieve international market objectives. It commonly includes market selection, market diversification, product adjustment, pricing, distribution

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channels, and promotional efforts. For SMEs, export strategy is especially important because limited resources require careful prioritization and adaptation.

In dynamic trade environments, export strategy is not static. Firms often modify market focus, pricing policies, product portfolios, and scale of international engagement in response to institutional or competitive pressures. This study treats export strategy as an adaptive outcome shaped by both external trade policy conditions and internal organizational capacity.

C. Theoretical Foundations

This research draws on three theoretical perspectives.

First, the resource-based view (RBV) emphasizes that firm-specific resources and capabilities determine how effectively a firm responds to environmental pressures. SMEs with stronger managerial skills, export experience, compliance systems, and financial resources are expected to adapt more effectively to trade remedy challenges.

Second, institutional theory suggests that firms are shaped by legal rules, regulatory frameworks, and policy expectations. Trade remedies represent a formal institutional pressure that can alter firm behavior and strategic decisions.

Third, the adaptive strategy perspective argues that firms continuously realign their strategies in response to changes in the external environment. Under trade remedy pressure, exporters may shift to alternative markets, redesign export plans, or strengthen compliance mechanisms.

D. Hypothesis Development

- *Trade Remedy Tariffs and Related Costs*

Institutional Theory suggests that firms are strongly influenced by formal regulatory mechanisms and policy interventions imposed by external stakeholders. Trade remedy measures, including anti-dumping duties, countervailing duties, and safeguard actions, create additional financial and administrative burdens that may alter firms' export decisions. Increased tariffs, legal expenses, and compliance requirements can reduce profitability and force firms to reconsider export priorities, pricing strategies, and market participation. Previous studies have shown that trade barriers often trigger strategic responses among exporting firms seeking to preserve competitiveness. Therefore, the following hypothesis is proposed:

H1: Trade remedy tariffs and related costs significantly affect the export strategy of SMEs in Ho Chi Minh City.

- *Trade Policy Uncertainty*

From the perspective of Adaptive Strategy Theory, firms continuously adjust their strategic decisions in response to environmental uncertainty. Trade policy uncertainty reflects unpredictability regarding trade regulations, tariff changes, trade investigations, and market access conditions. Such uncertainty may discourage long-term commitments while encouraging firms to adopt more flexible and adaptive export strategies. Prior studies have demonstrated that uncertainty in international trade environments influences resource allocation, investment decisions, and export market choices. Accordingly:

H2: Trade policy uncertainty significantly affects the export strategy of SMEs in Ho Chi Minh City.

- *Firm Capability*

The Resource-Based View argues that sustainable competitive advantage stems from valuable organizational resources and capabilities. In the context of international trade, firm capability encompasses managerial competence, export experience, financial readiness, compliance capacity, and strategic flexibility. Firms possessing stronger capabilities are generally better equipped to cope with external trade barriers and adapt to changing market conditions. Consequently:

H3: Firm capability significantly affects the export strategy of SMEs in Ho Chi Minh City.

- *Institutional Support*

Institutional Theory emphasizes the role of supporting institutions in reducing uncertainty and facilitating organizational adaptation. Government agencies, industry associations, trade promotion organizations, and export support programs can provide firms with critical information, legal guidance, training opportunities, and market intelligence. Such support may strengthen firms' ability to respond effectively to trade remedy measures and international market challenges. Therefore:

H4: Institutional support significantly affects the export strategy of SMEs in Ho Chi Minh City.

- *Market Diversification*

According to the Adaptive Strategy Perspective, firms facing environmental turbulence often seek to reduce risk through diversification. Market diversification enables exporters to lessen dependence on individual markets, distribute risks more effectively, and maintain export stability when trade restrictions emerge in specific destinations. Previous research has identified market diversification as an important strategic response to trade shocks and policy disruptions. Thus:

H5: Market diversification significantly affects the export strategy of SMEs in Ho Chi Minh City.

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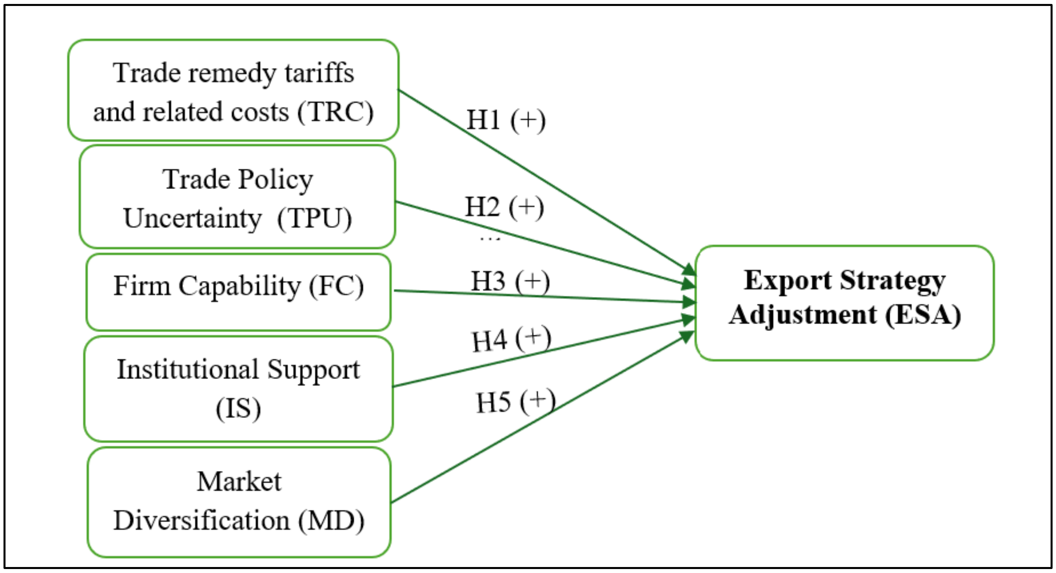

Fig 1. Proposed Research Model
(Source: Developed by the authors based on the Resource-Based View (Barney, 1991), Institutional Theory (DiMaggio & Powell, 1983), and Adaptive Strategy Perspective (Miles & Snow, 1978)).

➢ *Independent Variables:*
- Trade Remedy Tariffs and Related Costs (TRC)
- Trade Policy Uncertainty (TPU)
- Firm Capability (FC)
- Institutional Support (IS)
- Market Diversification (MD)

➢ *Dependent Variable: Export Strategy Adjustment (ESA)*

III. RESEARCH METHODOLOGY

➢ *Research Design*

This study adopts a quantitative research approach to examine the relationship between trade remedy-related factors and export strategy adjustment among SMEs in Ho Chi Minh City. Based on a comprehensive review of the literature and relevant theoretical frameworks, a structured questionnaire was developed to collect empirical data from export-oriented SMEs. The survey was conducted between November 2025 and January 2026.

The proposed conceptual model includes five independent variables: trade remedy tariffs and related costs, trade policy uncertainty, firm capability, institutional support, and market diversification. Export strategy adjustment serves as the dependent variable.

➢ *Measurement Scale*

The measurement scales were adapted from previous studies on export performance, trade policy uncertainty, institutional support, and strategic management. To ensure content validity and contextual appropriateness, the initial questionnaire was reviewed by three experts specializing in international business and export management. Subsequently, a pilot survey involving 30 SME managers was conducted to assess item clarity and relevance.

Based on expert feedback and pilot-test results, several items were revised to better reflect the realities faced by Vietnamese SMEs operating in international markets. All constructs were measured using a five-point Likert scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”).

➢ *Sample and Data Collection*

The target population consisted of SMEs actively engaged in export activities in Ho Chi Minh City. Due to the absence of a comprehensive and publicly accessible database of exporting SMEs exposed to trade remedy-related risks, convenience sampling was employed. This approach has been widely adopted in SME research where sampling frames are difficult to establish and direct access to firms is limited.

To enhance representativeness, respondents were selected from various industries, including textiles and garments, footwear, agricultural products, seafood, furniture, plastics, machinery, and electronics. After data screening and validation, a total of 210 usable responses were retained for statistical analysis.

Although convenience sampling may limit the generalizability of findings, the diversity of participating firms in terms of industry, ownership structure, and export experience contributes to the robustness and practical relevance of the results.

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➢ *Data Analysis Techniques*

Data analysis was conducted using SPSS software. The analytical procedure consisted of four stages.

First, Cronbach's Alpha was employed to evaluate the internal consistency and reliability of measurement scales.

Second, Exploratory Factor Analysis (EFA) was conducted to assess construct validity and identify the underlying factor structure.

Third, Pearson correlation analysis was used to examine bivariate relationships among variables.

Finally, multiple regression analysis was performed to test the proposed hypotheses and determine the relative influence of each explanatory factor on export strategy adjustment.

IV. RESULTS

➢ *Reliability Analysis*

All constructs achieved satisfactory reliability levels. Cronbach's Alpha values were 0.869 for trade remedy tariffs and related costs, 0.874 for trade policy uncertainty, 0.883 for firm capability, 0.889 for institutional support, 0.885 for market diversification, and 0.828 for export strategy. These values exceed the common threshold of 0.70, indicating good internal consistency. Corrected item-total correlations also exceeded acceptable levels, so no scale item needed to be removed.

➢ *Exploratory Factor Analysis*

The EFA results supported the adequacy of the measurement model. For the independent variables, the Kaiser-Meyer-Olkin measure reached a very high level and Bartlett's test was statistically significant, confirming that the dataset was suitable for factor analysis. The extracted factors explained a substantial share of the variance and aligned with the proposed conceptual framework. For the dependent variable, the KMO value also indicated a satisfactory level of sampling adequacy, and Bartlett's test was significant. These findings support the construct validity of the scales used in the study.

➢ *Correlation Analysis*

Pearson correlation analysis showed that all independent variables were positively and significantly associated with export strategy at the bivariate level. This means that higher perceptions of trade policy uncertainty, stronger firm capability, greater institutional support, and more active market diversification tended to be associated with stronger export strategy adjustment. Trade remedy tariffs and related costs also showed a positive correlation with export strategy before the multivariate controls were applied.

➢ *Regression Analysis*

Multiple regression was conducted to assess the simultaneous effect of the five explanatory variables on export strategy. The regression model was statistically significant overall, with Adjusted $R^2 = 0.714$, indicating that the model explained approximately 71.4% of the variance in export strategy. The F-statistic was significant, and the Durbin–Watson statistic was 1.942, suggesting no serious autocorrelation problem.

The standardized regression results reveal the following pattern.

Trade policy uncertainty had the strongest effect on export strategy ($\beta = 0.346$, $p < 0.001$). This suggests that SMEs are highly sensitive to unpredictability in foreign trade regulations and possible trade defense actions. When firms perceive higher uncertainty, they are more likely to adjust their export strategies proactively.

Market diversification had the second strongest effect ($\beta = 0.235$, $p < 0.001$). This indicates that firms responding to trade remedy pressure tend to reduce dependence on a single market and seek alternative destinations or niche markets.

Institutional support also had a significant positive effect ($\beta = 0.173$, $p = 0.008$). SMEs receiving better support from government agencies, business associations, and trade-related institutions appear better able to adapt their export decisions.

Firm capability showed a positive and statistically significant but smaller effect ($\beta = 0.131$, $p = 0.049$). This finding implies that internal readiness matters, but its effect is weaker than policy uncertainty and market diversification in explaining strategic export adjustment.

By contrast, trade remedy tariffs and related costs did not have a statistically significant effect in the final model ($\beta = 0.064$, $p = 0.325$). Although such costs may create pressure, they do not independently explain export strategy once the broader strategic context is taken into account.

Thus, H2, H3, H4, and H5 are supported, while H1 is not supported.

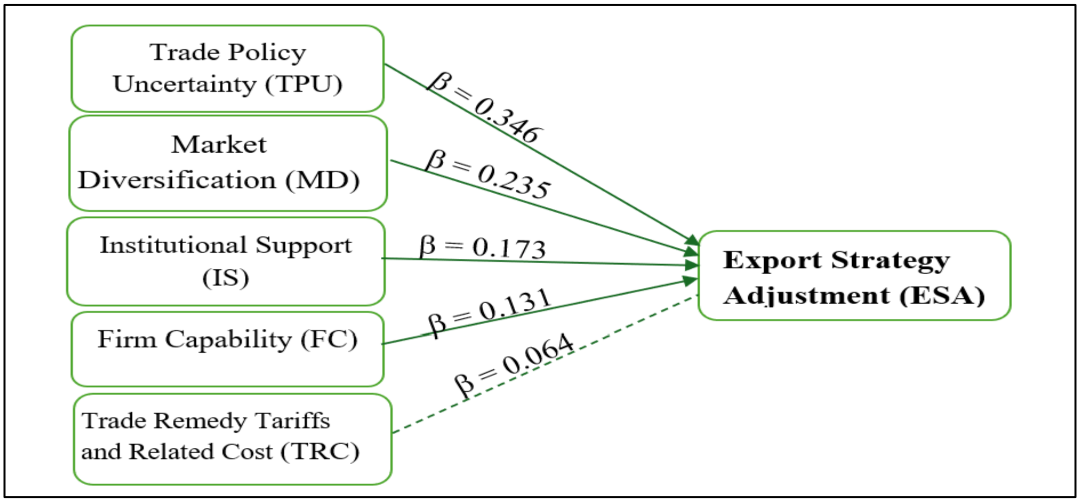

Fig 2. Final Research Model
Source: Authors' calculation based on survey data.

V. DISCUSSION

The findings provide several important insights into SME export behavior under trade remedy pressure.

First, the dominant role of trade policy uncertainty indicates that SMEs react more strongly to unpredictability than to cost burdens alone. This is theoretically consistent with institutional theory and the adaptive strategy perspective. Firms are not merely responding to existing tariffs; they are responding to the possibility of future shocks, regulatory ambiguity, and changing rules in international trade. Uncertainty affects planning horizons, risk appetite, and market commitment.

Second, the significance of market diversification confirms that one of the most important strategic responses to trade remedy pressure is to reduce dependence on a single destination market. SMEs that diversify can better spread risks, maintain export continuity, and avoid severe disruption when one market becomes hostile or restrictive. This result is consistent with the notion of strategic adaptation and with prior studies on export reallocation.

Third, institutional support plays an important enabling role. SMEs often lack the internal resources needed to monitor trade policy developments or respond effectively to legal and procedural requirements. External support in the form of market information, early-warning systems, training, and legal guidance can therefore strengthen export resilience.

Fourth, firm capability remains significant, supporting the RBV argument that internal resources matter. However, its comparatively smaller effect suggests that in high-uncertainty trade contexts, even capable SMEs remain dependent on external signals and institutional conditions.

Finally, the non-significance of trade remedy tariffs and related costs is noteworthy. This result suggests that the direct financial burden of trade remedies may be less influential than the broader uncertainty and strategic risk they generate. SMEs may interpret tariffs as one manageable component of international trade, while uncertainty about future investigations, regulatory changes, or market restrictions prompts deeper strategic change.

VI. MANAGERIAL IMPLICATIONS

The findings lead to several practical implications for SME managers.

First, SME managers should strengthen trade intelligence and risk monitoring systems. Since policy uncertainty is the strongest predictor of export strategy adjustment, firms need to actively track changes in regulations, trade investigations, and foreign market signals rather than reacting only after a measure is imposed.

Second, firms should prioritize market diversification as a long-term resilience strategy. Instead of over-relying on one major export destination, SMEs should gradually build access to secondary and third markets, including regional, niche, or less politically sensitive markets.

Third, managers should invest in organizational capability, especially in compliance management, documentation, export planning, and risk assessment. Even when internal capability is not the strongest factor statistically, it remains a necessary condition for implementing strategy successfully.

Fourth, SMEs should make better use of institutional support channels, including trade promotion agencies, export associations, customs advisory services, and legal support

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mechanisms. Proactive engagement with these institutions can reduce information gaps and improve response speed.

Finally, managers should interpret trade remedies not only as legal or tariff problems but as strategic signals requiring broader export adaptation. Pricing changes alone may be insufficient; firms may need to revise market portfolios, product specifications, and channel relationships.

VII. CONCLUSION

This study investigates how trade remedy-related factors influence the export strategy of SMEs in Ho Chi Minh City, Vietnam. Based on a survey of 210 exporting firms and quantitative analysis using SPSS, the study finds that trade policy uncertainty, market diversification, institutional support, and firm capability significantly affect export strategy. Among these, trade policy uncertainty exerts the strongest influence. Trade remedy tariffs and related costs, while important at the descriptive level, do not remain significant in the final regression model.

The study contributes to the literature by shifting attention from macro trade effects to firm-level strategic adaptation among SMEs in an emerging economy. It shows that SMEs adjust export strategy not only because of direct financial pressure but, more importantly, because of uncertainty, market risk, and institutional conditions.

From a practical perspective, the findings suggest that SME resilience in international trade depends on three strategic pillars: anticipating uncertainty, diversifying markets, and combining internal capability with external institutional support. In a global trade environment characterized by rising protectionism, such capabilities will become increasingly important for Vietnamese exporters.

Like all empirical studies, this research has limitations. It focuses only on SMEs in Ho Chi Minh City and uses convenience sampling. Future studies could extend the analysis to multiple provinces, compare industries, or apply more advanced techniques such as CFA or SEM to validate the structural relationships more rigorously.

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