

The Influence of Tariff Changes on International Market Performance

Sarah Hummel, European Institute of Management, Valletta VLT 1427 Malta

How Tariff Changes Moderate the Impact of Dynamic Capabilities on Market Performance

The purpose of this quantitative study is to examine the influence of two dynamic capabilities—global mindset (Torkelli et al., 2018) and market orientation (Butkouskaya et al., 2024)—on market performance (Torkelli et al., 2018) of multinational enterprises, with the perceived impact of tariff changes serving as a moderating variable.

Underpinned by the Dynamic Capability Theory (Teece et al., 1997), which conceptualises how decision-makers sense, seize, and transform organisational resources to adapt to changing environments (Baishya et al., 2025), studies have shown that market orientation influences the market performance of SMEs (Butkouskaya et al., 2024). The study of Torkelli et al. (2018) finds that a global mindset predicts international performance.

Tariff modifications hold substantial importance due to their direct influence on international trade dynamics and economic interrelations (Handley & Limão, 2017). By adjusting tariffs, governments can affect the pricing of imported and exported commodities, thereby inducing changes in consumer behavior and production patterns (Amiti et al., 2019). Academic literature robustly supports the view that tariff modifications are of substantial importance due to their direct and indirect effects on international trade, economic relationships, and the strategic operations of global companies, particularly through their influence on multinational supply chains (Handley et al., 2024).

This study addresses a knowledge gap by formulating the hypothesis that the market performance of multinational enterprises is influenced by their global mindset and market orientation capabilities, with the effectiveness of these capabilities moderated by environmental conditions, including tariff-related pressures (Fajgelbaum et al., 2020). This study employs a quantitative research approach to examine the relationship between the influence of market orientation and global mindset as independent variables and international performance as the dependent variable, with the perceived impact of tariff changes as a moderating construct. A survey-based design is employed to collect standardized responses, enabling statistical analysis based on prior work by Wilden et al. (2013). By applying Structural Equation Modeling (SEM) and the bootstrapping method, this study aims to analyse complex and partially unknown elements. Data will be collected through an electronic survey that incorporates validated scales from existing questionnaires. Each item reflects the perceived impact of the early-2025 U.S. tariff increases announced by the Trump administration, accompanied by supporting peer-reviewed sources. This analytical method is chosen for its ability to identify statistical relationships between variables, providing insights into the perceived impact that tariff changes have on the two dynamic capabilities—global mindset and market orientation—on influencing international performance. By adopting correlational analysis, this study provides meaningful findings that can inform both academic research and industry practices in multinational enterprises.

#Keywords

Dynamic capabilities, market orientation, global mindset, international performance, tariff changes.

doi:10.2440/018-0002

This research makes an original contribution by providing an enhanced understanding of dynamic capabilities and offering novel empirical evidence that supports the theoretical frameworks proposed by Butkouskaya et al. (2024) and Torkelli et al. (2018). Theoretical insights into novel regulatory changes and their impact on MNEs will be provided. The study's practical implications are particularly relevant for decision-makers operating in multinational enterprises, providing novel insights that support the importance of fostering a global mindset and market orientation to navigate tariff

changes and enhance market performance. The results may provide managerial guidance on adaptability to fluctuating tariffs, which includes reconfiguring supply chains, adjusting pricing strategies, and renegotiating supplier contracts to mitigate potential impacts, enhance strategic flexibility and risk management, improve contingency planning, and maintain competitive positioning in the market.

Declarations

Author Contact Information

Correspondence regarding this article should be directed to Sarah Hummel at sarah.hummel@student.eim.education.

Conflict of (Competing) Interest

The author declares that he has no (competing) financial or non-financial interests related to this study.

Funding

The author self-funded the research, and no external funding was obtained for its completion.

Author Contributions (CRediT taxonomy):

Conceptualization, Methodology, Formal Analysis, Investigation, Writing – Original Draft, Writing – Review & Editing: Sarah Hummel.

Acknowledgments

I would like to acknowledge Prof. Dr. Michael Neubert's (EIM) support in conceptualizing and proofreading this paper.

Data Availability and Supplementary Material

All data generated and analyzed during this study and the supplementary material are available upon reasonable request.

Prior Publication

The author confirms that this research was presented at the 18th Annual EMRBI Conference (September 10th-12th, 2025, in Porto, Portugal) under the title "Exploring New Horizons in Business and Management."

Ethics Statement

This study complies with the ethical guidelines of the European Code of Conduct for Research Integrity and adheres to the GDPR requirements for data protection. Ethical approval was obtained from the Institutional Review Board of EIM, and informed consent was secured from all participants.

Responsible AI Ethics Statement

This study used artificial intelligence (AI) tools to support tasks such as identifying relevant literature, analyzing datasets, and editing textual content. These tools were employed solely to enhance efficiency, and their outputs were critically reviewed to ensure alignment with research objectives. The use of AI adheres to ethical principles outlined in the EU AI Act, the OECD AI Principles, and the UNESCO Recommendation on the Ethics of Artificial Intelligence, emphasizing transparency, fairness, and accountability. The authors made all final decisions and retain full responsibility for the integrity, rigor, and conclusions of this research.

Copyright and Licensing Information

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. To view a copy of this license, visit <https://creativecommons.org/licenses/by/4.0/>.

References

- Amiti, M., Redding, S. J., & Weinstein, D. E., (2019). „The impact of the 2018 tariffs on prices and welfare.” *Journal of Economic Perspectives*, 33(4), 187–210.
- Baishya, S., Karna, A., Mahapatra, D., Kumar, S., & Mukherjee, D., (2025). “Dynamic managerial capabilities: A critical synthesis and future directions.” *Journal of Business Research*, 186, 115015.
- Butkouskaya, V. and Llonch-Andreu, J., (2024). “Market orientation, integrated marketing communications, and small and medium-sized enterprises (SMEs) performance: A comparison between developed and developing economies.” *European Research on Management and Business Economics*, 30(3), p.100260.
- Caldara, D., Iacoviello, M., Molligo, P., Prestipino, A., & Raffo, A., (2020). “The economic effects of trade policy uncertainty.” *Journal of Monetary Economics*, 109, 38–59.

- Cavallo, A., Gopinath, G., Neiman, B., & Tang, J., (2021). "Tariff pass-through at the border and at the store: Evidence from US trade policy." *American Economic Review: Insights*, 3(1), 19–34.
- Fajgelbaum, P. D., Goldberg, P. K., Kennedy, P. J., & Khandelwal, A. K., (2020). „The return to protectionism.” *The Quarterly Journal of Economics*, 135(1), 1–55.
- Handfield, R. B., Graham, G., & Burns, L. (2020). "Coronavirus, tariffs, trade wars and supply chain evolutionary design." *International Journal of Operations & Production Management*, 40(10), 1649–1660.
- Handley, K., Kamal, F. and Monarch, R., (2024). "Supply chain adjustments to tariff shocks: Evidence from firm trade linkages in the 2018-2019 US trade war." *Economics Letters*, 244, p.112009.
- Handley, K., & Limão, N., (2017). "Policy uncertainty, trade, and welfare: Theory and evidence for China and the United States." *American Economic Review*, 107(9), 2731–2783.
- Huang, Y., Lin, C., Liu, S., & Tang, H., (2023). "Trade networks and firm value: Evidence from the US–China trade war." *Journal of International Economics*, 145, 103811.
- Torkkeli, L., Nummela, N. and Saarenketo, S., (2018). "A global mindset–still a prerequisite for successful SME internationalisation?" In *Key success factors of SME internationalisation: A cross-country perspective* (pp. 7-24). Emerald Publishing Limited.
- Wilden, R., Gudergan, S.P., Nielsen, B.B. and Lings, I., 2013. „Dynamic capabilities and performance: strategy, structure and environment." *Long range planning*, 46(1-2), pp.72-96.