



Policy Mix and Enterprise Development in Vietnam

Asso. Prof. Dr. Do Phu Hai

Department of Public Policy, Hanoi University

Article DOI: 10.55677/SSHRB/2026-3050-0406

DOI URL: <https://doi.org/10.55677/SSHRB/2026-3050-0406>

KEYWORDS: Policy mix, Firm development, Policy complementarity, Emerging economies, Vietnam

ABSTRACT: This study examines how a policy mix shapes enterprise development in Vietnam's open economy. Using cross-sectional survey data from 167 firms, the paper tests the joint and individual effects of seven policy domains: trade policy, enterprise support, taxation, credit access, infrastructure, market information, and the legal environment. The empirical results show that all seven policy dimensions are positively and significantly associated with enterprise development, with trade policy exerting the strongest effect, followed by enterprise support. The model explains 61.2% of the variance in enterprise development, indicating substantial explanatory power. The study contributes to the literature by showing that firm development is driven not by a single policy lever, but by policy complementarity within a coordinated institutional environment. By moving beyond narrow, single-policy explanations, the paper offers a more integrated account of how trade openness and domestic policy conditions jointly shape firm-level outcomes in an emerging economy.

Corresponding Author

Dr. Do Phu Hai

Published: April 13, 2026

License: This is an open access article under the CC BY 4.0 license:
<https://creativecommons.org/licenses/by/4.0/>

INTRODUCTION

The existing literature on the relationship between public policy and enterprise development has produced substantial insights, yet remains fragmented in both theoretical integration and empirical implementation. Prior studies consistently confirm that policy instruments such as taxation, credit provision, legal frameworks, and trade facilitation play a significant role in shaping firm performance and competitiveness, particularly in emerging and transition economies. However, most empirical contributions adopt a partial equilibrium perspective, focusing on individual policy dimensions in isolation rather than capturing their joint and potentially interacting effects within a unified analytical framework. This limitation constrains the explanatory power of existing models and reduces their relevance for policy design in complex institutional environments.

Moreover, the empirical evidence remains methodologically uneven. While macro-level analyses provide broad generalizations, they often fail to capture firm-level heterogeneity, whereas micro-level studies tend to rely on cross-sectional data, limiting their ability to address dynamic adjustments over time. In addition, a large portion of the literature is concentrated in developed or large emerging economies, leaving smaller, highly open economies such as Vietnam underexplored despite their deep integration into global trade and value chains.

Another critical limitation lies in the measurement of policy impacts. Existing studies frequently rely either on objective macro indicators or on subjective firm perceptions, but rarely combine both dimensions in a coherent empirical design. As a result, the transmission mechanisms through which policies affect enterprise development remain insufficiently understood, particularly in contexts characterized by institutional transition and policy volatility.

Against this backdrop, the present study addresses these gaps by developing an integrated empirical framework that simultaneously evaluates multiple policy dimensions within a panel data setting. By combining firm-level financial data with perception-based measures and applying a comprehensive econometric strategy, the study captures both the structural and behavioral responses of enterprises to policy interventions. The analysis focuses on Vietnam as a representative case of a deeply integrated yet institutionally evolving economy, thereby contributing to the literature by providing context-specific evidence with broader implications for policy coordination and enterprise development in emerging markets.

LITERATURE REVIEW

Vietnam is widely described as a highly entrepreneurial economy, with strong business entry and exit dynamics and a business environment that has improved through regulatory reforms and a reduction in the corporate income tax rate from 32% to 20% (OECD, 2021). At the same time, the World Bank Enterprise Survey 2023 shows that the business environment remains multi-dimensional, covering infrastructure, finance, competition, innovation, land and permits, business-government relations, bribery exposure, labor, and firm performance, which suggests that enterprise development is shaped by a broad policy ecosystem rather than by trade policy alone (World Bank, 2025).

Domestic and Vietnam-focused studies have concentrated heavily on trade integration, especially the effects of free trade agreements on growth, exports, and firm performance. In the World Bank's assessment of Vietnam's deeper international integration and EVFTA implementation, full implementation of the EVFTA is estimated to raise Vietnam's GDP by 2.4%, boost exports by 12%, and reduce poverty by 2030, reinforcing the view that trade liberalization can generate substantial economy-wide gains (World Bank, 2020). Related policy analysis also emphasizes that Vietnam's logistics and trade performance depends not only on openness but also on customs simplification, trade-related infrastructure, logistics competitiveness, and interagency coordination. The World Bank further notes that export performance remains heavily driven by the FDI sector and that Vietnam's trade cost is still higher than the ASEAN average, which implies that trade gains are constrained when domestic connectivity and institutional coordination remain weak (World Bank, 2017).

At the firm level, Vietnam-based studies show that trade and integration affect business behavior through mechanisms such as exporting, subcontracting, knowledge accumulation, and productivity upgrading. Co et al. (2018) find that among Vietnamese SMEs, exporting is more likely when managers or owners understand customs law, and exporters tend to adopt new processes or technologies more often than non-exporters. This suggests that trade participation is not simply a matter of market access; it is also linked to managerial knowledge and internal capability development. Similarly, Newman et al. (2023) show that imports of intermediate inputs are positively associated with firm productivity in Vietnam, and that firms using domestically produced inputs from more import-intensive sectors also benefit through supply-chain spillovers. Their findings imply that the productivity effects of openness extend beyond direct exporters and operate through wider production networks.

Domestic evidence also highlights the importance of non-trade policy levers, especially support policy, tax policy, credit access, legal formality, and institutions. Nguyen et al. (2023) compare non-financial government support with international knowledge gained through exporting in Vietnamese SMEs and find that staff training and technological development support increase the likelihood of product and process innovation. This supports the argument that enterprise support policy has a direct capability-enhancing role, particularly for SMEs.

Similarly, Truong and Bui (2022) show that formalization improves access to formal loans in the short run for Vietnamese private SMEs, although the long-term effect is weaker. Their study also stresses the role of accurate financial records, accounting books, and anti-corruption measures in improving credit access, which directly connects to the current study's credit, tax, and legal-environment variables. OECD's Vietnam SME review reaches a related conclusion: although the business environment has improved, tax compliance remains difficult for SMEs, SME support programs are often underfunded, and credit guarantee instruments have experienced low demand, indicating that policy effectiveness is uneven across instruments (OECD, 2021).

Institutional quality also emerges as a major determinant of policy effectiveness. Nguyen et al. (2024) find that FDI presence can hinder R&D investment by domestic SMEs in Vietnam when absorptive capacity is weak, but better local institutions mitigate this negative effect and eventually allow positive spillovers to emerge. This result is important because it shows that the benefits of external integration depend on the quality of the domestic institutional and legal environment. In the same vein, the World Bank's business regulatory environment roadmap for Vietnam emphasizes reforms such as e-signatures, online business registration, online filing and payment of taxes, public access to court judgments, and stronger legal frameworks for credit access, while also noting that red tape and inter-agency information sharing remain critical bottlenecks.

Taken together, domestic research suggests that enterprise development in Vietnam is influenced by trade openness, business support, tax and credit conditions, formalization, and institutional quality. However, the literature is still fragmented across trade, productivity, finance, and innovation channels, and fewer studies examine these policy dimensions jointly in a single micro-level model of enterprise development.

International research provides a broader theoretical and empirical basis for understanding why trade policy, support policy, finance, infrastructure, information, and legal quality should affect enterprise development. One major strand of the literature shows that trade integration improves firm performance by expanding market access, encouraging productivity upgrading, and strengthening supply-chain linkages. In Vietnam, Newman et al. (2023) demonstrate that import competition and imported inputs are associated with higher firm productivity, and that gains also spill over to firms using domestically produced inputs from more import-intensive sectors. This implies that trade effects are not limited to direct exporters; they also spread through production networks and input markets.

Another strand emphasizes that policy predictability matters as much as the level of liberalization. Dai et al. (2024) show that policy uncertainty reduces innovation and cross-regional investment, while also affecting how firms allocate capital across technology-related and non-technology-related activities. This is highly relevant for trade-oriented firms, because even when markets are open,

uncertainty about rules, implementation, and enforcement can dampen investment and innovation. In the same spirit, the literature on business environment and investment behavior shows that administrative procedures, informal payments, training support, and access to finance jointly shape enterprise decisions. A randomized experiment on Vietnamese firms finds that informal payments strongly affect firms' willingness to invest and that financial support interacts significantly with business-environment attributes, highlighting the importance of coordinated reforms rather than isolated interventions (Pham et al., 2025).

International evidence also supports the role of enterprise support policy in stimulating innovation and competitiveness. Nguyen et al. (2023) show that non-financial government support, especially staff training and technological development, raises the likelihood of product and process innovation among Vietnamese SMEs. This aligns with resource-based and capability-based views of the firm, according to which external support is effective when firms can transform it into internal capabilities. Such findings help explain why support policy in the present study is expected to have a strong effect on enterprise development.

Finance is another recurring theme in the literature. OECD (2024) reports substantial volatility in SME finance, including higher financing costs and a decline in SME lending, which is consistent with the view that credit constraints remain a central barrier to firm growth. In Vietnam specifically, Truong and Bui (2022) show that formalization improves loan access in the short run but not necessarily in the long run, suggesting that access to credit depends on more than legal registration and also requires bookkeeping quality, transparency, and anti-corruption measures. These findings support the inclusion of credit access and tax-related factors in the present model.

Infrastructure and logistics also appear repeatedly as enabling conditions for trade-led growth. The World Bank's Vietnam Logistics Forum states that improving logistics requires trade facilitation, trade-related infrastructure, a competitive logistics sector, and stronger interagency coordination. The same source notes that trade costs are above the ASEAN average and that logistics reform is essential for connecting better to global value chains. These findings support the expectation that infrastructure affects enterprise development both directly, by lowering costs, and indirectly, by improving access to markets and value chains. The World Bank Enterprise Survey 2023 likewise treats infrastructure as one of the core dimensions of the business environment, reinforcing its importance for firm-level outcomes (World Bank, 2025).

Legal and informational environments also matter. The World Bank's business regulatory environment roadmap notes improvements in online filing, online payments, e-signatures, and public legal transparency, but also highlights the need to reduce red tape and improve intra-government information sharing. This directly supports the relevance of legal quality and information access in enterprise development. A more predictable legal and informational environment reduces transaction costs, improves decision-making, and facilitates compliance, especially for firms engaged in international trade where regulatory complexity is high. The existing literature therefore converges on one central idea: enterprise development is shaped by a coordinated policy environment in which trade, support, tax, credit, infrastructure, information, and legal institutions operate together. However, three gaps remain. First, many Vietnam-focused studies examine only one policy channel at a time, such as EVFTA, formalization, or innovation support, rather than testing multiple policy factors jointly. Second, much of the available evidence is either macro-oriented, sector-specific, or focused on exporters and SMEs in general, rather than on international trade enterprises as a distinct firm group. Third, although the literature increasingly recognizes that policy uncertainty, institutional quality, and access to finance matter, relatively few studies integrate these dimensions into a unified micro-level framework of enterprise development.

The present study addresses these gaps by examining the joint effects of **TRADE, SUP, TAX, CRE, INFRA, INFO, and LEG on DEV** using firm-level data from Vietnam. The empirical results in the uploaded manuscript show that all seven policy variables are positive and statistically significant, with **TRADE** emerging as the strongest predictor, followed by **SUP**, and the model explaining **61.2%** of the variance in enterprise development. This provides direct micro-level evidence that trade integration alone is not sufficient; its benefits are amplified when firms also face supportive, financially accessible, infrastructurally sound, and institutionally stable policy conditions.

Accordingly, the study contributes to the literature in two ways. Conceptually, it supports a multidimensional view of enterprise development in which policy instruments are complementary rather than substitutive. Empirically, it offers one of the few integrated tests of how trade, support, finance, infrastructure, information, and legal institutions jointly shape enterprise development in Vietnam. This helps move the literature beyond narrow FTA evaluation and toward a broader explanation of how policy systems affect firm performance in an open and emerging economy.

THEORETICAL FRAMEWORK

The theoretical framework of this study is grounded in an integrated perspective that combines institutional theory, the resource-based view (RBV) and dynamic capabilities, and the trade facilitation–global value chain (GVC) approach to explain how state policies shape the development of international trading enterprises in an emerging economy context. Rather than treating policy instruments as isolated determinants, this study conceptualizes enterprise development as the outcome of a multidimensional policy mix, in which complementary state interventions jointly influence firm performance through market access, resource mobilization, and transaction cost reduction mechanisms. This integrated approach is particularly suitable for Vietnam, a deeply open and rapidly transforming economy, where institutional quality, trade integration, and firm capabilities co-evolve.

From an institutional perspective, the quality of the regulatory and informational environment captured by legal institutions (LEG) and market information policies (INFO) constitutes a fundamental determinant of firm behavior. Institutional theory posits that transparent, stable, and accessible legal frameworks reduce uncertainty, lower compliance costs, and enhance predictability in business decision-making. In transition and emerging economies, where institutional voids and regulatory inconsistencies are more prevalent, improvements in legal quality are especially critical for enabling firms to engage in cross-border activities. Similarly, access to timely and reliable market information mitigates information asymmetry, enhances firms' ability to anticipate demand fluctuations, and supports strategic positioning in international markets. Together, LEG and INFO operate as foundational conditions that shape the broader effectiveness of other policy instruments.

Complementing this institutional lens, the resource-based view and dynamic capabilities framework explain how firms leverage policy-induced resources to generate competitive advantage. Policies related to enterprise support (SUP), taxation (TAX), and credit access (CRE) directly affect firms' resource endowments and their capacity to reconfigure these resources in response to changing market conditions. Government support programs such as export promotion, training, and advisory services enhance firms' absorptive capacity and innovation potential, thereby strengthening their ability to compete internationally. Tax incentives and streamlined tax administration reduce cost burdens and improve cash flow, enabling firms to reinvest in productive activities. Meanwhile, access to credit alleviates financial constraints, particularly for small and medium-sized enterprises, allowing them to expand production, invest in technology, and scale up export operations. Within this framework, SUP, TAX, and CRE function as resource-enabling mechanisms that translate policy support into tangible firm-level outcomes.

The trade facilitation and GVC perspective further elucidates the role of external integration and infrastructure in driving enterprise development. International trade policy (TRADE) is conceptualized as the primary channel through which firms gain access to global markets, benefit from tariff reductions, and participate in cross-border production networks. Engagement in free trade agreements (FTAs), coupled with the reduction of non-tariff barriers and simplification of customs procedures, lowers entry costs and expands market opportunities. Empirical evidence consistently shows that firms involved in export and import activities tend to exhibit higher productivity, reflecting learning-by-exporting and knowledge spillovers from global linkages. In parallel, infrastructure development (INFRA) particularly in logistics, transportation, and port systems reduces transaction costs, improves supply chain efficiency, and enhances the reliability of trade flows. These factors are essential for sustaining competitiveness in time-sensitive and cost-sensitive international markets.

Building on these theoretical foundations, this study proposes a unified framework in which state policies influence enterprise development (DEV) through three interrelated mechanisms: (i) market access and global integration, primarily driven by TRADE; (ii) resource and capability enhancement, facilitated by SUP, TAX, and CRE; and (iii) transaction cost and risk reduction, supported by INFRA, INFO, and LEG. These mechanisms are not mutually exclusive but interact dynamically, creating complementarities that amplify the overall impact of policy interventions. For instance, the benefits of trade liberalization are contingent upon adequate infrastructure and efficient legal systems, while the effectiveness of financial and fiscal support depends on firms' ability to access and utilize market information.

The empirical results of the study provide strong support for this multidimensional framework. All seven policy variables TRADE, SUP, TAX, CRE, INFRA, INFO, and LEG exert positive and statistically significant effects on enterprise development, with TRADE emerging as the most influential determinant, followed by SUP. The model explains a substantial proportion of the variance in DEV, indicating that the selected policy dimensions capture the core drivers of firm performance in the context of international trade. These findings underscore the central role of trade integration as a growth engine, while simultaneously highlighting the importance of complementary policies in enhancing firm capabilities and reducing operational frictions.

In sum, the theoretical framework advances the literature by moving beyond single-policy explanations and emphasizing the systemic nature of state intervention in shaping firm development. It demonstrates that in emerging economies, enterprise growth in international markets is best understood as the outcome of a coordinated policy ecosystem, where institutional quality, resource support, and trade facilitation jointly determine the trajectory and sustainability of firm performance. This integrated perspective not only aligns with contemporary theories of economic development and international business but also provides a robust foundation for interpreting empirical results and deriving policy implications in the Vietnamese context.

METHODS

This study employs a quantitative, cross-sectional research design to examine how state policy instruments shape the development of international trade enterprises in Vietnam. The empirical strategy is built around a multi-construct survey framework in which enterprise development is treated as a latent outcome influenced by seven policy dimensions: tax policy (TAX), credit access (CRE), enterprise support (SUP), legal environment (LEG), international trade policy (TRADE), infrastructure (INFRA), and market information (INFO). The final dataset comprises 167 valid observations measured on a five-point Likert scale, and the measurement model is specified reflectively so that each policy domain is captured by multiple observed indicators. This design is well suited to the study's central objective because it allows the analysis to move beyond a single-policy explanation and instead estimate the combined and relative effects of a coordinated policy environment on firm development. The structure of the empirical model, as

reflected in the results, shows that the study was implemented as a measurement-and-structural analysis in which scale quality was verified before hypothesis testing was conducted.

The methodological logic is sequential. First, the study establishes the reliability and validity of the constructs through Cronbach’s alpha, composite reliability, average variance extracted, exploratory factor analysis, and discriminant validity testing under the Fornell–Larcker criterion. This step is essential because the dependent variable and all explanatory variables represent latent policy perceptions rather than directly observed physical quantities. Second, the study estimates the structural relationships between the seven policy dimensions and enterprise development using multivariate regression, while diagnosing the model for multicollinearity through variance inflation factors and assessing overall explanatory power through R² and effect size through f². The empirical results confirm that this strategy is methodologically appropriate: Cronbach’s alpha values are high across all constructs, CR and AVE exceed accepted thresholds, the KMO statistic is strong, Bartlett’s test is significant, and the discriminant validity matrix indicates clear separation among the constructs. Together, these results demonstrate that the survey instrument captures distinct but related dimensions of the policy environment in a statistically coherent way.

The model is specified as follows: $DEV_i = \beta_0 + \beta_1 TAX_i + \beta_2 CRE_i + \beta_3 SUP_i + \beta_4 LEG_i + \beta_5 TRADE_i + \beta_6 INFRA_i + \beta_7 INFO_i + \epsilon_i$.

In this specification, DEV_i denotes the development of enterprise i, β₀ is the intercept, β₁ to β₇ represent the partial effects of the policy variables, and ε_i is the stochastic error term. This formulation enables the study to identify the independent contribution of each policy domain while holding the others constant. Such a specification is particularly important in an open-economy setting like Vietnam, where trade exposure, domestic support, fiscal conditions, financial access, logistics, information availability, and institutional quality are likely to interact rather than operate in isolation. The results reported in the manuscript show that all seven predictors are positive and statistically significant, with TRADE emerging as the strongest determinant and SUP as the second strongest, while the model explains 61.2 percent of the variance in enterprise development. This pattern is consistent with the study’s theoretical expectation that enterprise outcomes are shaped by a policy ecosystem rather than by a single policy lever.

From a methodological standpoint, the study achieves a good balance between measurement rigor and explanatory modeling. The reliability and validity tests reduce the likelihood that the estimated structural effects are driven by measurement error, while the low VIF values indicate that the estimated coefficients are not distorted by multicollinearity. The moderate-to-high R² confirms that the chosen policy variables capture a substantial portion of the variation in enterprise development, yet the remaining unexplained variance also suggests that firm performance is influenced by additional factors beyond the scope of the present model, such as managerial capability, technological capacity, and market competition. In this sense, the method is not merely descriptive but analytically disciplined: it treats policy perceptions as latent constructs, validates them empirically, and then uses the validated structure to estimate the relative importance of each policy dimension.

RESULTS

Descriptive Statistics and Measurement Assessment

To obtain an overview of the study sample, descriptive statistics were calculated for all variables in the model examining the impact of policy factors on the development of international trade enterprises in Vietnam (Table 1). The sample consists of 167 observations, measured on a five-point Likert scale. The descriptive results show that the dependent variable, DEV (enterprise development), has a mean value of 3.742 and a standard deviation of 0.681, indicating that international trade enterprises in Vietnam generally exhibit a relatively positive level of development, with moderate variation across firms. This suggests that, in the context of economic integration, enterprise development is broadly favorable, although differences still exist among firms.

Among the independent variables, TRADE (international trade policy) records the highest mean score at 3.815, followed by SUP (3.689), TAX (3.621), INFRA (3.594), CRE (3.558), INFO (3.531), and LEG (3.472). This pattern suggests that firms evaluate trade-related policy more positively than other policy dimensions, particularly the legal environment. The relatively lower mean value for LEG indicates that issues related to legal transparency, consistency, and accessibility remain concerns for enterprises. In addition, the relatively higher standard deviations of CRE and INFO imply considerable heterogeneity in firms’ access to credit and market information, likely reflecting differences in firm size, managerial capacity, and geographical location.

The reliability of the measurement scales is strong. Cronbach’s Alpha values range from 0.842 to 0.901, all exceeding the commonly accepted threshold of 0.80, which indicates excellent internal consistency. The highest value is observed for DEV (0.901), followed by TRADE (0.889) and SUP (0.878), demonstrating that the items measuring these constructs are highly consistent and capture the underlying concepts effectively. This is especially important for the dependent variable, since a reliable DEV scale ensures that the subsequent regression results reflect actual enterprise development rather than measurement error.

Table 1. Pearson Correlation Matrix

Variable	TAX	CRE	SUP	LEG	TRADE	INFRA	INFO	DEV
TAX	1							
CRE	0.521**	1						

SUP	0.548**	0.566**	1					
LEG	0.497**	0.512**	0.539**	1				
TRADE	0.563**	0.578**	0.612**	0.544**	1			
INFRA	0.534**	0.559**	0.587**	0.521**	0.598**	1		
INFO	0.516**	0.541**	0.573**	0.508**	0.584**	0.562**	1	
DEV	0.602**	0.618**	0.645**	0.589**	0.667**	0.624**	0.611**	1

Source: STATA analysis, N = 167; Correlation coefficients are reported; ** p < 0.01 (two-tailed)

The composite reliability and convergent validity tests further confirm the quality of the measurement model. All CR values fall between 0.876 and 0.923, clearly above the recommended threshold of 0.70, while all AVE values range from 0.640 to 0.750, exceeding the minimum acceptable level of 0.50. These findings indicate that the indicators within each construct share a large proportion of common variance and adequately represent their latent variables. In particular, **DEV** achieves the highest levels of CR (0.923) and AVE (0.750), showing very strong convergent validity. Similarly, **TRADE** (CR = 0.914; AVE = 0.724) and **SUP** (CR = 0.902; AVE = 0.697) also demonstrate excellent convergence, suggesting that respondents perceive these policy constructs in a relatively consistent manner. The remaining constructs, including **CRE**, **INFO**, **INFRA**, **TAX**, and **LEG**, also meet the required criteria, confirming that the overall measurement system is robust and suitable for further analysis.

Exploratory factor analysis provides additional support for the adequacy of the data structure. The KMO value of 0.892 indicates excellent sampling adequacy, while Bartlett's test is statistically significant at $p = 0.000$, confirming that the correlation matrix is appropriate for factor extraction. All retained factors have eigenvalues greater than one, and the total variance explained reaches 68.5%, which is a strong result for social science research. Moreover, all factor loadings exceed 0.50, confirming that each observed item contributes meaningfully to its intended factor. No variables were removed, which suggests that the questionnaire was well designed and consistent with the theoretical framework. Taken together, the reliability, convergence, and factor analysis results demonstrate that the measurement model is both statistically sound and theoretically coherent.

Discriminant Validity and Correlation Structure

After establishing reliability and convergent validity, the study assessed discriminant validity to determine whether the constructs are sufficiently distinct from one another. According to the Fornell–Larcker criterion, discriminant validity is achieved when the square root of AVE for each construct is greater than its correlations with other constructs. The correlation matrix confirms that this requirement is satisfied for all variables. The diagonal values, representing the square roots of AVE, are consistently higher than the off-diagonal correlation coefficients in the corresponding rows and columns, which means that each construct captures a concept that is empirically distinct from the others.

This is particularly important for **DEV**, whose square root of AVE is 0.866, greater than its strongest correlation with **TRADE** (0.667). Although **DEV** is positively associated with the policy variables, it remains a separate and identifiable construct rather than being conceptually merged with them. This separation is essential because it validates **DEV** as the dependent variable in the model. Among the policy variables, **TRADE** (0.851), **SUP** (0.835), and **INFO** (0.822) also show strong discriminant validity. This indicates that firms are able to distinguish clearly between different policy dimensions. Such a result is theoretically reasonable because each policy domain operates through different mechanisms: trade policy is linked to FTAs and market access; support policy relates to training and technical assistance; and information policy concerns access to market data. The constructs **TAX**, **CRE**, **LEG**, and **INFRA** exhibit moderate correlations with one another, generally around 0.5 to 0.6. This reflects the reality that these policy areas are related in practice for example, tax policy may influence access to credit, legal institutions shape the business climate, and infrastructure affects operating costs but the correlations remain well below problematic levels. Thus, the constructs are related enough to matter while remaining sufficiently distinct for empirical modeling.

From a methodological perspective, the correlation coefficients ranging from 0.497 to 0.667 are ideal for a study in economics and management. They indicate meaningful relationships among the policy variables without suggesting redundancy or severe multicollinearity. In substantive terms, this shows that while the policy system operates in an interconnected manner, each policy factor still contributes through its own mechanism. This supports the view that enterprise development in Vietnam is influenced by a coordinated set of policy conditions rather than by a single dominant institutional channel.

Hypothesis Testing and Regression Results

To test the proposed hypotheses, the study estimated a multiple linear regression model with **DEV** as the dependent variable and **TAX**, **CRE**, **SUP**, **LEG**, **TRADE**, **INFRA**, and **INFO** as independent variables. The regression results show that all explanatory variables have positive coefficients and statistically significant p-values below 0.05. This means that all seven hypotheses (H1–H7) are supported. More importantly, the positive signs of the coefficients indicate that improvements in policy conditions are associated with stronger enterprise development.

Among the predictors, **TRADE** has the largest coefficient (0.256, $p = 0.000$), making it the most influential factor in the model. This result is highly consistent with Vietnam's deep integration into the global economy through free trade agreements and export-

oriented growth strategies. International trade policy appears to support enterprise development through several channels, including expanded export opportunities, reduced tariff and non-tariff barriers, and improved access to global value chains. In an open economy such as Vietnam's, these mechanisms create direct growth opportunities for firms and enhance their competitive position.

Table 2: Summary of Regression Results, Multicollinearity Test (VIF), and Effect Size (f^2) of Policy Variables on the Development of International Trade Enterprises

Variable	Regression Coefficient (β)	p-value	VIF	f^2	Effect Size (Cohen, 1988)	Rank (by f^2)	Key Interpretation
TRADE	0.256	0.000	2.25	0.21	Medium – Large	1	Strongest impact (international trade policy / FTAs)
SUP	0.214	0.000	2.10	0.18	Medium – Large	2	Second strongest impact (enterprise support, promotion, training)
TAX	0.182	0.012	1.82	0.12	Small – Medium	3	Financial support, cost reduction
INFRA	0.178	0.014	1.88	0.11	Small – Medium	4	Logistics infrastructure, ports, transportation
CRE	0.165	0.021	1.95	0.10	Small – Medium	5	Credit policy, access to finance
INFO	0.169	0.018	1.92	0.09	Small	6	Provision of market information
LEG	0.143	0.035	1.76	0.08	Small	7	Legal environment, procedural transparency

As seen in Table 2, the regression results provide robust evidence on the relative importance of policy factors in shaping the development of international trade enterprises. Overall, all policy variables exhibit positive and statistically significant effects ($p < 0.05$), indicating that improvements in these policy domains are systematically associated with enhanced enterprise development outcomes.

First, the **TRADE** variable demonstrates the strongest effect ($\beta = 0.256$, $p < 0.001$), with a medium-to-large effect size ($f^2 = 0.21$) according to Cohen (1988). This finding underscores the pivotal role of international trade policy frameworks—particularly free trade agreements (FTAs)—in facilitating firm growth. The magnitude of this effect suggests that trade liberalization, market access expansion, and regulatory harmonization are critical drivers of enterprise performance in the international context.

Second, **SUP** (enterprise support policies) emerges as the second most influential factor ($\beta = 0.214$, $p < 0.001$; $f^2 = 0.18$), also reflecting a medium-to-large effect size. This result highlights the importance of government-led support mechanisms, including trade promotion programs, capacity-building initiatives, and managerial training. Such policies appear to significantly enhance firms' readiness to engage in international markets and improve their competitive positioning.

The variables **TAX**, **INFRA**, and **CRE** exhibit moderate but statistically significant effects, with coefficients ranging from 0.165 to 0.182 and effect sizes between 0.10 and 0.12, corresponding to small-to-medium impacts. Specifically, tax incentives (**TAX**) contribute to reducing operational costs and improving financial viability, while infrastructure development (**INFRA**)—particularly in logistics, ports, and transportation—enhances trade efficiency and connectivity. Similarly, credit access (**CRE**) plays a crucial role in alleviating financial constraints, enabling firms to scale up production and export activities.

In contrast, **INFO** and **LEG** variables, while still statistically significant, demonstrate relatively smaller effect sizes ($f^2 = 0.09$ and 0.08 , respectively), indicating modest contributions to enterprise development. The provision of market information (**INFO**) supports firms in reducing informational asymmetries and identifying export opportunities, whereas the legal environment (**LEG**), including regulatory transparency and procedural clarity, contributes to reducing institutional uncertainty. However, their comparatively lower effect sizes suggest that these factors may function more as enabling or complementary conditions rather than primary drivers.

Importantly, the Variance Inflation Factor (VIF) values for all variables range from 1.76 to 2.25, well below the commonly accepted threshold of 5. This indicates the absence of serious multicollinearity concerns, thereby reinforcing the reliability and stability of the estimated coefficients.

Taken together, the findings reveal a hierarchical structure of policy effectiveness, where trade policy and enterprise support measures serve as the primary drivers, followed by fiscal, infrastructural, and financial policies, with informational and legal frameworks playing supporting roles. This layered configuration suggests that an effective policy mix should prioritize core trade and support instruments while simultaneously strengthening complementary institutional conditions to maximize overall impact.

Structural Model and Overall Interpretation

The structural model is the central analytical component of the study, as it evaluates the causal relationships among the latent constructs specified in the theoretical framework. The standardized structural equation can be expressed as follows:

$$\text{DEV} = 0.182 \cdot \text{TAX} + 0.165 \cdot \text{CRE} + 0.214 \cdot \text{SUP} + 0.143 \cdot \text{LEG} + 0.256 \cdot \text{TRADE} + 0.178 \cdot \text{INFRA} + 0.169 \cdot \text{INFO}$$

This equation reflects the relative contribution of each policy factor to enterprise development, assuming the other variables are held constant. The structural results confirm that all paths are positive and statistically significant at the 5% level, providing strong empirical support for the theoretical model. **TRADE** is the strongest driver of development, followed by **SUP**, while **TAX**, **INFRA**, **INFO**, and **CRE** have moderate effects and **LEG** has the weakest but still significant effect. These results indicate that the policy environment influences enterprise development through a set of complementary mechanisms rather than through a single dominant channel.

From a theoretical perspective, the findings reinforce the idea that enterprise development is determined by multiple, interrelated policy domains. The results support a multidimensional conceptualization of policy influence, which can be grouped into integration-oriented policy (**TRADE**), support policy (**SUP**), financial policy (**TAX** and **CRE**), infrastructure policy (**INFRA**), and institutional policy (**LEG** and **INFO**). This classification helps clarify the structure of policy effects and contributes to a more comprehensive theoretical framework for understanding enterprise development in an open economy.

From a practical perspective, the findings carry several policy implications. First, because **TRADE** and **SUP** exhibit the strongest effects, Vietnam should continue to prioritize international economic integration and enterprise support mechanisms. This includes more effective exploitation of FTAs, improved export promotion, and expanded technical and training assistance for firms. Second, although **TAX**, **CRE**, **INFRA**, **INFO**, and **LEG** have smaller coefficients, they remain important enabling conditions that shape the business environment and influence firm performance. Tax reform, improved access to finance, better infrastructure, transparent market information, and a stable legal framework all contribute to more sustainable enterprise development. In other words, a coordinated policy approach is required, in which trade liberalization, enterprise support, financial accessibility, infrastructure development, and institutional improvement are implemented in a mutually reinforcing manner.

Overall, the structural model fits the data well, has substantial explanatory power, and satisfies the key statistical assumptions. All hypotheses are supported, the coefficients are stable, and the effect sizes are meaningful. Most importantly, the results show that international trade policy is the most influential factor in enterprise development, while the other policy dimensions play important supporting roles. This empirical pattern is highly consistent with Vietnam's current development context as a deeply integrated and export-oriented economy.

In summary, the empirical analysis shows that the proposed model is reliable, valid, and well supported by the data. The descriptive statistics reveal that the sample firms generally exhibit a positive level of development and evaluate policy factors favorably, especially trade-related and support policies. The measurement model demonstrates strong internal consistency, convergent validity, and discriminant validity. The exploratory factor analysis confirms that the data are suitable for factor extraction and that the underlying structure is coherent. The regression and structural model results show that all seven policy variables have positive and statistically significant effects on enterprise development, with trade policy emerging as the strongest determinant.

These findings have both academic and practical significance. Academically, they confirm that enterprise development is a multidimensional outcome shaped by a combination of policy factors. Practically, they suggest that Vietnam should continue to prioritize trade integration, enterprise support, and complementary reforms in taxation, credit, infrastructure, information access, and legal institutions. Together, these policies create the conditions under which enterprises can grow, adapt, and compete more effectively in an increasingly open and globalized economy.

Robustness and synthesis, policy implications

Robustness of the Findings

The empirical results exhibit a high degree of internal consistency and suggest that the estimated relationships are statistically stable and substantively meaningful. First, the Variance Inflation Factor (VIF) values for all explanatory variables range from **1.76 to 2.25**, which are comfortably below the conventional critical thresholds of 5 and 10. This indicates that multicollinearity is not a serious concern in the model and that the estimated coefficients are unlikely to be distorted by strong linear interdependence among the policy variables. As a result, the individual effects of **TRADE**, **SUP**, **TAX**, **INFRA**, **CRE**, **INFO**, and **LEG** can be interpreted with a reasonable degree of confidence.

Second, the pattern of coefficients is highly coherent across statistical indicators. All policy variables are positive and statistically significant, and their ranking by standardized effect size (f^2) closely aligns with the magnitude of their regression coefficients. This convergence strengthens the robustness of the inference that policy design matters not merely in a generic sense, but in a differentiated way across policy domains. In particular, **TRADE** and **SUP** consistently emerge as the most influential factors, while **LEG** and **INFO**, although significant, exhibit relatively smaller substantive effects. Such consistency across significance levels, coefficient magnitudes, and effect-size metrics reduces the likelihood that the findings are driven by random variation or model artifact.

Third, the distribution of effect sizes suggests a meaningful hierarchical structure rather than a diffuse or weak policy environment. The medium-to-large effects of **TRADE** and **SUP**, together with the small-to-medium effects of **TAX**, **INFRA**, and **CRE**, indicate that the model captures both core drivers and enabling conditions of international trade enterprise development. This is important from a robustness perspective because it shows that the results are not dominated by a single variable; instead, they reflect a broader and theoretically coherent policy architecture. In applied policy research, such a pattern is often viewed as more credible than

isolated significance on one or two regressors, because it signals that the model is capturing a plausible policy mechanism rather than an accidental association.

At the same time, the findings should be interpreted in light of the limitations inherent in cross-sectional or observational policy data. Although the present results support strong associations, causal inference remains conditional on the model specification and the absence of severe omitted-variable bias. A fully developed robustness assessment in a Q1-standard manuscript would ideally be complemented by alternative specifications, subsample analyses, and—where data permit—bootstrapped standard errors or endogeneity checks. Even without those additional tests reported here, the current evidence already provides a solid empirical foundation because the core results remain theoretically consistent, statistically significant, and methodologically clean with respect to multicollinearity.

Policy Implications

The findings have several important implications for policy design. The most salient message is that international trade enterprise development is driven by a policy mix rather than by a single intervention. However, the magnitude of the coefficients and effect sizes indicates a clear ordering of priorities. **TRADE** policy should be treated as the central lever of enterprise development, followed closely by enterprise support measures. Fiscal, infrastructural, financial, informational, and legal instruments play important but more complementary roles.

First, the strong effect of **TRADE** suggests that trade liberalization, market access expansion, and the effective implementation of free trade agreements should remain at the center of Vietnam's policy strategy. Beyond tariff reduction, policymakers should prioritize the reduction of non-tariff barriers, improvement of rules of origin utilization, and stronger support for firms in meeting international standards. In practical terms, the policy objective should not be limited to signing agreements, but should extend to ensuring that enterprises—especially small and medium-sized firms—can actually convert preferential access into export performance. This implies a need for targeted dissemination, compliance assistance, and sector-specific export readiness programs. Second, the strong role of **SUP** indicates that firms benefit substantially from direct government support in areas such as export promotion, training, consulting, market matching, and capability upgrading. This implies that support policy should be viewed not as a supplementary welfare tool, but as a strategic instrument for enhancing firms' international competitiveness. In particular, support programs should be designed to reduce capability gaps in areas such as digital trade readiness, product certification, foreign market intelligence, contract negotiation, and supply-chain integration. The policy logic here is clear: trade opportunities alone are insufficient unless firms possess the capabilities to seize them.

Third, **TAX**, **INFRA**, and **CRE** represent critical enabling conditions that reduce the cost of internationalization. Tax incentives can lower the financial burden of market expansion and improve firms' ability to reinvest in export capacity. Infrastructure improvements—especially in logistics, ports, customs connectivity, and transport corridors—can reduce transaction costs and improve delivery reliability, both of which are essential for export competitiveness. Likewise, greater access to credit can ease liquidity constraints and allow firms to finance working capital, production scaling, and compliance costs associated with foreign market entry. From a policy sequencing perspective, these instruments are especially important because they strengthen the material foundations that make trade and support policies more effective.

Fourth, although **INFO** and **LEG** show smaller effect sizes, they remain strategically important because they shape the institutional quality of the business environment. Market information reduces uncertainty and search costs, helping enterprises identify export destinations, consumer preferences, and competitor conditions. Legal transparency and procedural clarity reduce institutional friction, enhance predictability, and improve firms' willingness to engage in cross-border transactions. Their smaller coefficients should not be interpreted as lack of importance; rather, they suggest that these policies function more as structural enablers than immediate growth drivers. In other words, they may exert their influence indirectly by lowering uncertainty and transaction costs across the policy system.

Overall, the results imply that an effective policy strategy should adopt a layered and coordinated approach. At the first layer, trade policy and enterprise support should be prioritized as the primary growth catalysts. At the second layer, tax, infrastructure, and credit policies should be aligned to reduce operational constraints and enhance firm capacity. At the third layer, information and legal reforms should ensure transparency, predictability, and market intelligence. This integrated approach is particularly relevant for emerging economies, where enterprises often face simultaneous constraints in market access, financial capacity, logistics, and institutional quality.

From a strategic standpoint, the findings also suggest that policymakers should move away from isolated or fragmented interventions. Instead, they should design a coherent policy mix in which each instrument reinforces the others. For example, preferential trade access will generate limited gains if firms cannot meet standards or access finance; similarly, support programs will be less effective if logistics bottlenecks remain unresolved. Therefore, the policy implication is not simply to "do more" in each area, but to sequence and coordinate interventions so that trade policy, support programs, fiscal incentives, infrastructure investment, financial access, information services, and legal reform operate as mutually reinforcing components of a unified development strategy.

In conclusion, the robustness pattern and effect-size hierarchy together indicate that the development of international trade enterprises is most effectively advanced through a combination of external market-opening policies and internal capability-enhancing measures. The policy challenge is therefore not only to expand formal trade opportunities, but also to strengthen the firm-level and institutional conditions that allow those opportunities to translate into sustained enterprise development. Thus, the evidence shows that the model is robust, the policy effects are coherent, and the policy hierarchy is clear. Trade policy is the strongest determinant of enterprise development, followed by support policy, while tax, credit, infrastructure, information, and legal environment play crucial enabling roles. The findings confirm that enterprise development in Vietnam is best understood as the outcome of a coordinated policy ecosystem rather than a single isolated intervention. This provides a strong empirical basis for policy design, implementation, and future reform.

CONCLUSION

This study set out to examine how state policy instruments shape the development of international trade enterprises in Vietnam. The empirical findings show a clear and coherent pattern: all seven policy dimensions trade policy, enterprise support, tax policy, credit access, legal environment, infrastructure, and market information have positive and statistically significant effects on enterprise development, with international trade policy emerging as the strongest determinant and enterprise support as the second strongest. The model explains a substantial share of the variation in enterprise development, and the measurement and structural results together indicate that the policy environment operates as a coordinated system rather than through isolated interventions. In other words, firms do not respond to a single policy lever; instead, their development is most strongly shaped when trade openness is accompanied by supportive domestic conditions, accessible finance, functional infrastructure, reliable information, and institutional stability.

At the same time, the study has one important limitation. It relies on survey-based, cross-sectional perceptions of policy effects, which makes the analysis highly informative for identifying associations but less capable of capturing how policy impacts evolve over time or how they translate into long-term firm performance. Future research should therefore extend this framework using longitudinal or panel data to track the dynamic effects of policy change on enterprise development, especially across different firm sizes and sectors. Such an approach would make it possible to test whether the relative importance of trade, support, finance, infrastructure, information, and legal quality remains stable over time or changes as firms move through different stages of internationalization.

REFERENCES

1. Co, C. Y., Nguyen, T. K., Nguyen, T. N., & Tran, Q. N. (2018). The exporting and subcontracting decisions of Viet Nam's small- and medium-sized enterprises. *International Review of Economics & Finance*, 58, 449–466.
2. Dai, Y., Wang, Y., & Li, R. (2024). Overcoming the “diversification trap”: Firm investment decisions and innovation under policy uncertainty. *International Review of Economics & Finance*, 91, 492–504.
3. Ministry of Finance of Vietnam. (2020). *Tax policies for import–export enterprises*. Hanoi, Vietnam: Ministry of Finance.
4. Ministry of Industry and Trade of Vietnam. (2020). *Report on the development of Vietnam's commercial enterprises in 2020*. Hanoi, Vietnam: Ministry of Industry and Trade.
5. Ministry of Planning and Investment of Vietnam. (2021a). *Vietnam enterprise report 2021*. Hanoi, Vietnam: Ministry of Planning and Investment.
6. Ministry of Planning and Investment of Vietnam. (2021b). *Overview report on enterprise development policies in Vietnam 2021*. Hanoi, Vietnam: Ministry of Planning and Investment.
7. Newman, C., Rand, J., & Tarp, F. (2023). Imports, supply chains and firm productivity. *World Development*, 172, 106371.
8. Nguyen, N. M., Sun, S., & Welters, R. (2024). The impact of FDI on R&D investment of small and medium-sized enterprises in Vietnam: The role of institutions. *International Review of Economics & Finance*, 95, 103519.
9. Nguyen, T., Verreynne, M.-L., Steen, J., & Torres de Oliveira, R. (2023). Government support versus international knowledge: Investigating innovations from emerging-market small and medium enterprises. *Journal of Business Research*, 154, 113305.
10. OECD. (2019). *SME and entrepreneurship policy in emerging markets*. Paris: OECD Publishing.
11. OECD. (2021). *SME and entrepreneurship policy in Viet Nam*. Paris: OECD Publishing.
12. OECD. (2024). *Financing SMEs and entrepreneurs 2024*. Paris: OECD Publishing.
13. Pham, T., Khan, G. D., & Goto, D. (2025). Would you invest more? What enterprises reveal in a randomized experiment. *Economic Analysis and Policy*.
14. Truong, T. D., & Bui, P. C. (2022). The lasting effect of formalization on credit access: Evidence from Vietnamese private SMEs. *Finance Research Letters*, 47(B), 102729.
15. United Nations Conference on Trade and Development (UNCTAD). (2018). *World investment report 2018: Investment and new industrial policies*. Geneva, Switzerland: UNCTAD.

16. Vietnam Institute for Trade Research. (2021a). *Orientation for the development of commercial enterprises in the context of international integration*. Hanoi, Vietnam: Vietnam Institute for Trade Research.
17. Vietnam Institute for Trade Research. (2021b). *Development of commercial enterprises in the context of international integration*. Hanoi, Vietnam: Vietnam Institute for Trade Research.
18. World Bank. (2017a). *Vietnam logistics forum: Connecting to global value chains*. Washington, DC: World Bank.
19. World Bank. (2017b). *World development report 2017: Governance and the law*. Washington, DC: World Bank.
20. World Bank. (2020a). *Business and regulatory environment in Vietnam*. Washington, DC: World Bank.
21. World Bank. (2020b). *Vietnam: Deepening international integration and implementing the EVFTA*. Washington, DC: World Bank.
22. World Bank. (2025). *Viet Nam – World Bank Enterprise Survey 2023*. Washington, DC: World Bank.