

Protectionist Policies and Their Long-Term Effects on Employment and Global Trade

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Abstract: To address a critical empirical gap, this paper addresses protectionist trade policies and its long-term impacts on employment dynamics and global trade. Data was collected from 113 finance and economics professionals which was analysed using PLS-SEM. Then, it was evaluated using three primary constructs for which the structural validity was confirmed through G*Power analysis and Cronbach's Alpha scores. These scores ranged from 0.737 to 0.773. The results show that sustained protectionism leads to labour shifts and it disrupts established GVC's. This leads to heavy adjustment costs for downstream industries. It also highlights that retaliatory trade spirals often lead to employment displacement. This study gives a comprehensive empirical framework for understanding labour market governance and trade policy design in both emerging and advanced economies. This is achieved by combining firm-level strategic responses with macro-level policy analysis.

Keywords: Protectionist trade policies; Global Value Chains (GVCs); PLS-SEM; sectoral employment reallocation; trade barrier spillovers; retaliatory tariffs

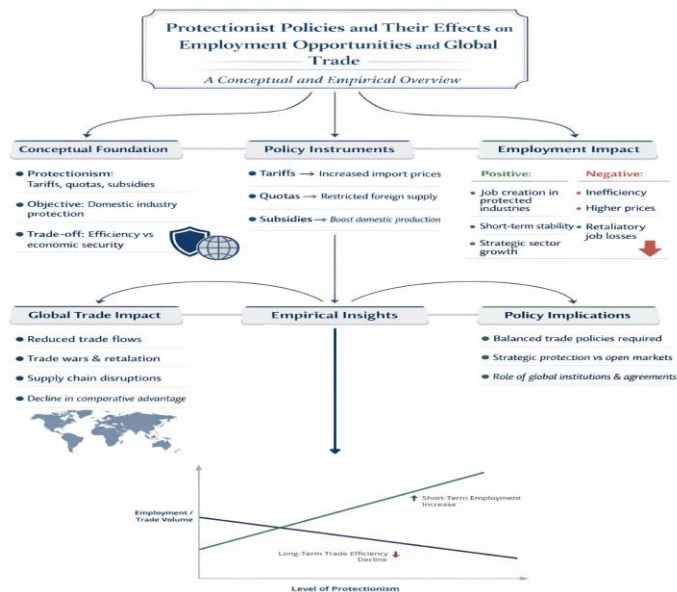


Figure 1. Policy Framework of Protectionist Policies and its Impact on Employment and Global Trade.

Introduction

Recently, trade protectionism has resurged as a crucial component of the global trade scenario, driven by geopolitical shifts such as US-China trade tensions, post-Brexit trade realignments and growing concerns toward globalisation. Despite decades of liberalisation under the GATT and WTO frameworks, countries have increasingly relied on tariffs, non-tariff barriers, and regulatory restrictions, changing international trade relations and challenging the post-war liberal trading order. Recent tariff announcements have rapidly raised the U.S. weighted-average tariff rate from 2% to more than 20%-its highest level in the past century-creating radical uncertainty for businesses worldwide (Levy et al., 2025). Protectionism refers to policies designed to restrict international trade so that the interests of domestic firms, workers and strategic industries are safeguarded. Traditional measures include tariffs and quotas, while modern-day protectionism increasingly relies on non-tariff measures such as investment restrictions, labour mobility controls and regulatory barriers, especially in the tertiary and quaternary sectors. Figure 1 illustrates these policies and their impacts on trade and employment. A recent example is Singapore’s cap on the number of international students in universities which has limited foreign labour supply and cross-border human capital transfer. This has led to a disequilibrium for exporting countries such as India (Vallakatla & Venkata Rama Subba Rao, 2018). Figure 2 represents the rise in protectionist policies from 2010-2025. It highlights the increasing trade barriers, short term employment protection in import competing sectors, long term job displacement in export-oriented industries, and trade diversion effects. This shows how protectionism creates uneven sectoral and temporal impacts as opposed to net long-term gains

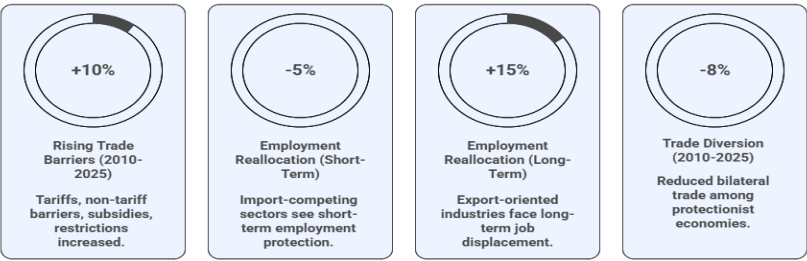


Figure 2. Trends in Protectionist Policies (2010-2025)

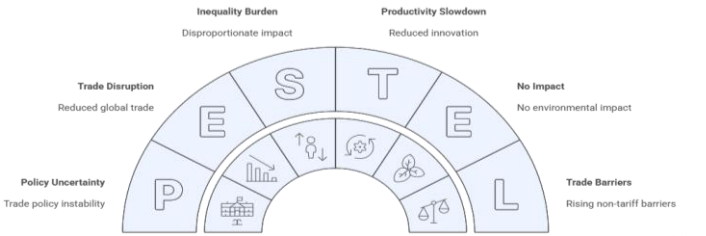


Figure 3. PESTEL Analysis of Tariff Wars and Protectionism

Using PESTEL analysis, Figure 3 represents the impacts of tariff wars and protectionism. This analyses the external impacts of these tools from political, economic, social, technological, environmental, and legal perspectives.

Literature Review

This paper examines both classical and modern theories of trade to understand the impacts of protectionist policies. Neoclassical models show us how tariffs misallocate resources and reduce overall welfare, whereas strategic trade theory allows for more limited protection to aid infant industries under specific conditions. Modern Keynesian models further emphasise labour market frictions, showing how trade barriers interact with employment protection to impact job creation and destruction. Classical, neoclassical and Marxist/Marxian perspectives are often used to analyse international trade theory. Both classical and neoclassical theories back free trade due to comparative advantage, with the classical school of thought grounding comparative advantage in the labour theory of value and neoclassical approach attributing it to differences in factor endowments. Firm-based trade models have emerged from recognising limitations of the factor endowment theory. The new trade theory shifts focus from states to firms and incorporate imperfect competition, oligopolistic market frameworks, and a conditional role for government intervention. The Marxist/Marxian perspectives recognise the efficiency gains associated with free trade but interpret it as a tool through which capitalism intensifies crisis, imperialism, and unequal development. Despite the theoretical benefits attributed to free trade by these perspectives, international trade continues to be limited by tariff and non-tariff barriers. The logic behind trade protectionism is that tariffs reduce imports, shield domestic industries, and thereby increase employment. However, this direct logic overlooks several factors that complicate the employment effects of tariffs. Firstly, substitution between domestic and foreign goods determines whether reduced imports translate into higher domestic production. Secondly, substitution between manufacturing and services can shift demand away from manufacturing totally. Lastly, retaliatory tariffs imposed by trading partners can decrease export competitiveness. They can also offset any gains from import protection. Trade protection produces economy-wide costs, as it impedes the process of specialization and misallocates resources. Meanwhile, both consumers and producers end up facing higher prices.

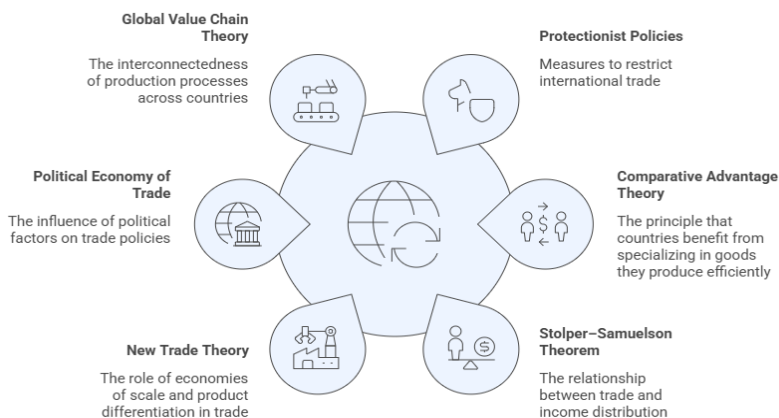


Figure 4. Factors influencing Global Trade and Employment

Figure 4 shows how protectionist policies interact with trade theories, influencing global trade patterns and employment outcomes. Trade policy is now having the effect of reshaping global value chains in a more adaptive restructuring (rather than mere retraction). Trade tensions between China and the US have lowered bilateral trade but incentivized firms, particularly in electronics, automobiles, and textiles to reconfigure production through moving production facilities, changing partners, vertically integrating and upscaling the value chain. These adjustments represent adjustment at firm level, from where these trade-policy shocks are moderated by shifting sourcing locations and taking advantage of new trade rules (Gereffi et al., 2021). Since the Global Financial Crisis, the U.S. has focused on reshoring to reduce dependency on supply-chain and strengthen manufacturing competitiveness, relying mainly on neo-protectionism and smart automation. Evidence suggests that these strategies, even when combined, are barely sufficient to secure technological leadership over China or generate broad-based employment gains (Gur & Dilek, 2023).

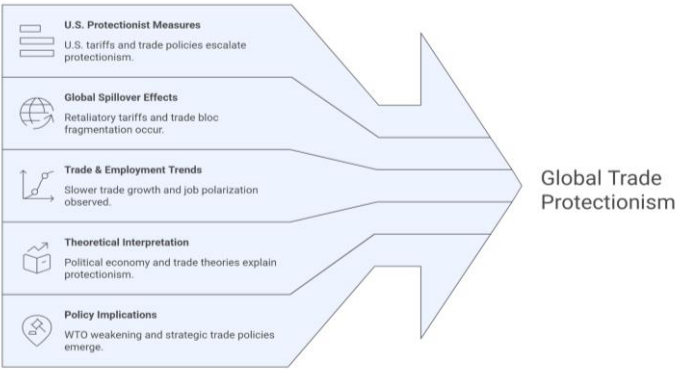


Figure 5. Pathways to Global Trade Protectionism

Figure 5 outlines the pathways through which U.S. protectionist measures generate global spillovers, slowing trade growth and reinforcing the rise of global trade protectionism. Evidence post-2025 shows that protectionist and discriminatory policies continue to create chaos in the global economy. This is due to reshaping firm location decisions, innovation incentives, and trade patterns, with emerging economies facing the most adverse effects.

Table 1. Extensive Literature Review Table

Sr. No.	Key Findings	Research Gap	Limitations
1	Protectionism lowers manufacturing employment, intensifies global trade distortions	Limited employment-focused analysis of retaliatory trade protection dynamics	Model excludes firm heterogeneity, dynamic labor adjustment mechanisms
2	US-China trade war tariffs distort trade,	Limited evidence on global labor	Limited study of long-run effects.

Protectionist Policies and Their Long-Term Effects on Employment and Global Trade

	harm welfare.	reallocations and spillovers.	
3	Long-run protectionism reduces trade elasticity significantly.	Limited long-run empirical evidence linking protectionism and trade.	Panel model focuses on trade flows, excludes labor effects.
4	Institutional quality reduces protectionism; more trade increases protection.	Sparse analysis linking protection determinants with employment outcomes.	Limited insights on labor market effects.
5	Trade imbalances predict protectionist policy attacks.	Limited causal evidence on imbalances driving protectionist responses.	Less focus on employment effects.
6	Temporary steel tariffs cause export competitiveness and employment declines.	Limited causal evidence on long-term tariff spillovers.	Less focus on sectoral scope.
7	Crisis-era discrimination against foreign business pervades global trade.	Weak empirical integration of protectionism with international business consequences.	No focus on economic outcomes.
8	Protectionist barriers harm Indian exports and trade competitiveness.	Little empirical evidence on employment and labor outcomes.	Less focus on rigorous causal impacts.

Research Methodology

A comprehensive literature review table (Table 1) was made after an extensive review of relevant literature. This was used to consolidate existing studies on protectionist policies and its impacts on employment and global trade. This was done to enable the identification of key gaps such as the study of long-term impacts of these policies on sector employment and growth on a global scale. By identifying these gaps, the next stage of this study focuses on formulating a rigorous research methodology designed to address the below-mentioned research questions and hypotheses. This study aims to examine the long-run effects of protectionists. It will particularly focus on tariffs on intermediate and final goods on employment dynamics and global trade patterns. It seeks to move beyond short-term analyses by assessing whether

upstream protectionist shocks persist, dissipate, or reallocate employment across sectors and countries over time. The research further investigates how protectionism reshapes global value chains, sectoral competitiveness, and labour market outcomes. This is done with particular attention to heterogeneous effects across industries and economies.

Research Questions:

1. What are the long-run effects of protectionist trade policies on employment levels and sectoral employment reallocation across countries?
2. How do protectionist measures influence global trade patterns and global value chain configurations over time?
3. Do the employment and trade effects of protectionism differ across sectors and stages of production?

Hypotheses:

- **H1:** Protectionist policies have persistent negative effects on aggregate employment in downstream industries in the long run.
- **H2:** Protectionist measures lead to significant reallocation of employment across sectors, favoring protected upstream industries at the expense of downstream and export-oriented sectors.
- **H3:** Sustained protectionism contributes to long-term reconfiguration of global trade patterns, reducing engagement in global value chains and slowing sectoral growth.

The empirical study of protectionist trade policies and their long-term impacts on employment requires a systematic framework. This framework needs to be capable of exploring complex, multi-level, and cross-country relationships. Protectionist measures - such as tariffs on intermediate and final goods - operate not only through direct price mechanisms but also through indirect channels such as global value chain (GVC) restructuring, sectoral competitiveness shifts, and capital reallocation. Therefore, this study uses a Partial Least Squares Structural Equation Modelling (PLS-SEM) approach using SmartPLS. PLS-SEM is especially appropriate for understanding multidimensional constructs, mediating and moderating effects, and predictive relationships within longitudinal and cross-country datasets.

Based on our research question, these are our latent constructs:

1. Protectionist Policies (PP):
 - a. Tariffs on intermediate goods
 - b. Tariffs on final goods
 - c. Non-tariff barriers
 - d. Trade policy restrictiveness index

Based on our research question, these are our mediating constructs:

1. Global Trade Patterns (GTP):
 - a. Export intensity
 - b. Import penetration
 - c. Trade openness ratio
 - d. Bilateral trade reallocation
2. Global Value Chain Configuration (GVC):
 - a. Backward participation index

- b. Forward participation index
- c. Domestic value-added share
- d. Upstreamness index
- 3. Employment Outcomes (EMP):
 - a. Total employment growth
 - b. Sectoral employment shifts
 - c. Manufacturing employment
 - d. Services employment
 - e. Labor productivity-adjusted employment

Based on our research question, these are our moderators:

- 1. Sectoral Stage (SS) :
 - a. Upstream industries
 - b. Midstream industries
 - c. Downstream industries
- 2. Country Development Level (CDL)
 - a. Advanced economies
 - b. Emerging economies

The population for this study includes professionals in finance/geopolitics, such as investment bankers, chartered accountants, policy makers and economists who were selected using Purposive Sampling. Sample size adequacy was evaluated using the 10-times rule and G*Power analysis confirming the minimum recommended sample exceeded 113 responses. The impact of protectionist measures on employment and changes in global trade was investigated by a structured questionnaire. The perception of the respondents was measured using a 5-point Likert scale (1= Strongly Disagree, 5=Strongly Agree). The questionnaire included two key sections. Section A collected demographic information, including age group, gender, educational qualification, years of professional experience in finance or economics, and current professional role. Section B assessed perceptions of protectionist policies on the three main latent constructs.

After the literature review, a consultation with experts was done. Then, pretesting was conducted on the draft questionnaire to determine its applicability and clarity. It was developed for self-administration. It was also designed to be easy to use and at a low cost. Most of the respondent pool was male between the ages of 20-50. Academically, most held professional certifications (32.7%) or master's degrees (31.9%). Roughly 70% of respondents had between 5-30 years of experience in the field. Nearly half were finance professionals, followed by academics, economists, and policymakers. This data is shown in Figure 7 and Figure 8

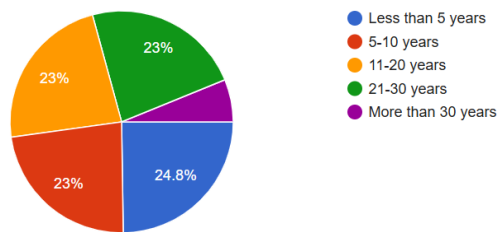


Figure 7. Data from survey showing years of experience of respondents from questionnaire

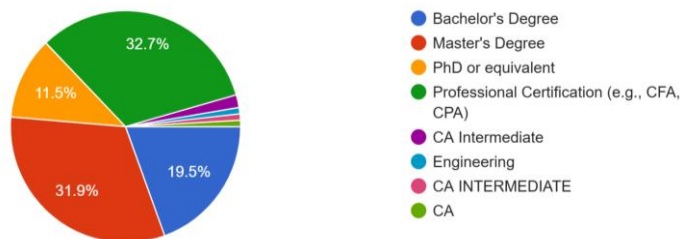


Figure 8. Data from survey showing highest educational qualification of respondents from questionnaire

The questionnaire consisted of 14 different questions. Each was aligned with one of the three given research objectives: R1, R2, and R3.

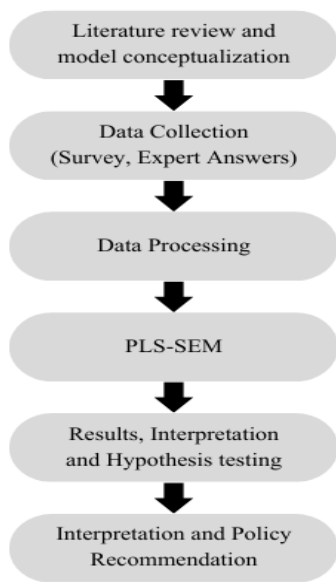


Figure 9. Flowchart of Research Process and Methodology

PLS-SEM RESULTS

PLS-SEM model which was created to analyse the impact of protectionists on employment and trade as shown in figure 10. The model shows both the measurement (outer) model and the structural (inner) model. The measurement model also demonstrates the connections between the observed indicators (items from the questionnaire) and their related latent constructs. Meanwhile, the structural model shows the proposed relationships among the latent constructs.

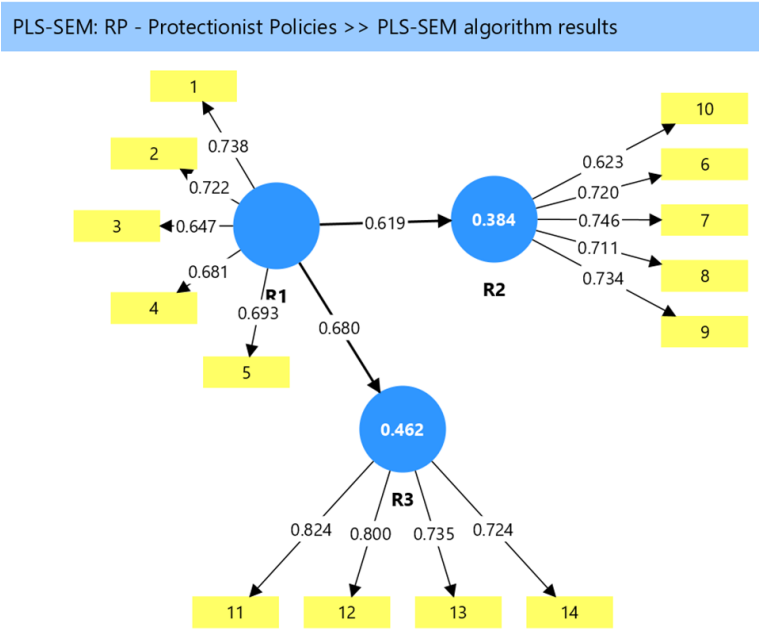


Figure 10. PLS-SEM Model of Survey Results

The model includes three reflective latent constructs. R1 indicates the long-term impact of protectionist measures on job levels and the redistribution of employment across sectors, assessed through Items 1-5. R2 reflects the impact of protectionism on trends in international trade and global value chain structures, assessed through Items 6-10. R3 indicates variations in the employment and trade impacts of protectionism among sectors and production phases, evaluated using Items 11-14. The yellow rectangles signify the observed indicators, while the blue circles illustrate the latent constructs. The structural model demonstrates that R1 has a direct effect on both R2 and R3, suggesting that the long-term employment impacts of protectionists are connected to alterations in global trade dynamics and specific sector employment and trade results. The values shown on the arrows signify standardized path coefficients, whereas the values within the endogenous constructs (R2 and R3) reflect the explained variance (R^2).

Table 2 shows the outer loadings of each survey item on its specific latent construct in the PLS-SEM model. Outer loadings indicate how strongly each indicator reflects its underlying construct. Therefore, it assesses indicator reliability. For R1, loadings range from 0.647 to

0.738, suggesting moderate to acceptable reliability, with most items exceeding the general threshold of 0.70 or remaining close to it. For R2, loadings range from 0.623 to 0.746, demonstrating acceptable convergent validity. However, item 10 is comparatively weaker but still within an acceptable range for exploratory research. R3 shows the strongest results with loadings between 0.724 and 0.824, indicating high reliability and strong representation of the construct. Overall, since the majority of outer loadings exceed 0.70 and non-fall substantially below 0.60, the measurement model reflects satisfactory indicator reliability and backs the convergent validity of the constructs used to analyse the long-term employment and trade impacts of protectionist policies.

Measurement Model Assessment:

The psychometric properties of the three reflective constructs were tested for internal consistency, reliability, convergent validity, and discriminant validity, before evaluating structural relationships. Table 3 summarises the results which are compared against threshold values recommended by Hair et al. (2019).

Table 2. Results of PLS-SEM Model

Sr. No	Research Question	Survey Items	Outer Loadings
R1	What are the long-run effects of protectionist trade policies on employment levels and sectoral employment reallocation across countries?	1. Protectionist policies reduce overall employment levels in the long run across countries.	0.738
		2. Over time, protectionism shifts jobs from export sectors to domestic sectors in affected countries.	0.722
		3. Long-term protectionist measures lead to higher unemployment in import-competing industries globally.	0.647
		4. Protectionism triggers sectoral job reallocation, benefiting some countries' industries at others' expense over decades.	0.681
		5. In the long run, protectionist policies stabilize employment in protected sectors but harm it in others across borders.	0.693
R2	How do protectionist measures influence global trade patterns and global value chain configurations over time?	6. Protectionist policies reshape global trade flows by reducing imports and boosting local production over time.	0.72
		7. Over years, protectionism fragments global value chains, making them shorter and more country specific.	0.746

R3	Do the employment and trade effects of protectionism differ across sectors and stages of production?	8. Protectionist measures divert trade patterns toward regional blocs rather than worldwide networks.	0.711
		9. Long-term protectionism disrupts global value chains by increasing reliance on domestic suppliers.	0.734
		10. Protectionist policies alter global trade balances, favouring protected economies in value chain positions.	0.623
		11. Protectionism harms employment more in manufacturing sectors than in services.	0.824
R3	Do the employment and trade effects of protectionism differ across sectors and stages of production?	12. Trade effects of protectionism vary by production stage, hitting upstream suppliers harder than final assemblers.	0.8
		13. Employment losses from protectionism are greater in labour-intensive sectors compared to capital-intensive ones.	0.735
		14. Effects of protectionism on jobs and trade are stronger in early production stages (e.g., raw materials) than in later ones.	0.724

Table 3. Measurement Model Assessment

Construct	Cronbach's Alpha	Composite Reliability (ρ_a)	Composite Reliability (ρ_c)	AVE
R1 - Protectionist Policies	0.737	0.744	0.825	0.486
R2 - Employment Effects	0.750	0.752	0.834	0.501
R3 - Trade Patterns & GVC	0.773	0.779	0.855	0.596
Threshold (Hair et al., 2019)	>0.700	>0.700	>0.700	>0.500

All three constructs show satisfactory internal consistency reliability. Cronbach's Alpha values range from 0.737(R1) to 0.773(R3). These exceed the minimum threshold of 0.700. Similarly, composite reliability estimates based on Dijkstra-Henseler's rho (ρ_a) range from

0.744 to 0.779. Meanwhile Jöreskog's composite reliability (ρ_c) values, which are less sensitive to the number of indicators, range from 0.825 to 0.855. Both easily pass the threshold. This establishes an internal coherence of all measurement scales because the results confirm that the indicators for each construct are consistently measuring the same underlying latent variable.

Average Variance Extracted (AVE) is assessed using convergent validity. This shows the ratio of variance explained by the construct relative to measurement error. The AVE for R2 (0.501) and R3 (0.596) both exceed the recommended threshold of 0.500, showing adequate convergent validity. The AVE for R1 (0.486) falls marginally below 0.500; however, as noted by Fornell and Larcker (1981) and Hair et al. (2019), borderline AVE values are considered acceptable when composite reliability ($\rho_c = 0.825$) substantially exceeds the threshold, which is the case here. Discriminant Validity was analysed using 2 criteria's: Fornell-Larcker and Heterotrait-Monotrait ratio of correlations (HTMT). Table 4 shows the results for the Fornell-Larcker criterion and Table 5 shows the HTMT Ratio.

Table 4. Discriminant Validity - Fornell-Larcker criterion

Construct	R1	R2	R3
R1 - Protectionist Policies	0.697 ($\sqrt{\text{AVE}}$)		
R2 - Employment Effects	0.619	0.708($\sqrt{\text{AVE}}$)	
R3 - Trade Patterns and GVC	0.680	0.574	0.772 ($\sqrt{\text{AVE}}$)

In Table 4, the diagonal values (bold) show the square root of AVE and the off-diagonal values represent the inter-construct correlations. The Fornell-Larcker criterion requires that the square root of each construct's AVE must exceed its correlations with all other constructs. As shown in Table 4, the square root of AVE for R1(0.697) exceeds its correlations with R2(0.619) and R3(0.680). Similarly, the root of AVE for R2 (0.708) exceeds its correlations with R1 and R3 (0.574), and the root of AVE for R3 (0.772) surpasses all off-diagonal values. These results confirm that each construct shares more variance with its own indicators rather than with other constructs which supports the discriminant validity under the Fornell-Larcker criterion. As seen in Table 5, all ratios fall below the liberal threshold of 0.900, according to (Henseler et al., 2015). This confirms discriminant validity in all pairs. However, for R3 and R1, the ratio is 0.885 which approaches but doesn't exceed the 0.900 boundary. This value is in coherence with the theory: protectionist measures are directly related to restructuring trade flows.

Table 5. Discriminant Validity - HTMT Ratio

Construct Pair	HTMT Ratio	Discriminant Validity?
R2 ↔ R1	0.816	Acceptable (< 0.900)
R3 ↔ R1	0.885	Acceptable (< 0.900)
R3 ↔ R2	0.744	Acceptable (< 0.900)

Therefore, it would be conceptually surprising if these constructs were entirely uncorrelated at the item level. This does not invalidate discriminant validity but reflects the substantive conceptual proximity between protectionist policy enactment and trade pattern outcomes. Table 6 has the results from the PLS-SEM outer model that shows inter-construct correlation and covariance matrices. The correlation and covariance matrices are numerically identical because standardised latent variables are used (mean=0, variance=1). Both matrices confirm Fornell-Larcker findings.

Table 6. Construct correlation and covariance matrix (outer model)

Construct	R1	R2	R3
R1 - Protectionist Policies	1.000	0.619	0.680
R2 - Employment Effects	0.619	1.000	0.574
R3 - Trade Patterns and GVC	0.680	0.574	1.000

The theory that protectionist trade policies have strong influence on both employment and trade patterns is supported by the moderate-to-strong correlations between R1 and R2 ($r = 0.619$) and between R1 and R3 ($r = 0.680$). Meanwhile, the relatively weaker correlation between R2 and R3 ($r = 0.574$) is congruent with the structure of the inner model, where employment effects and trade patterns are considered distinct, yet related outcomes of protectionism.

Structural Model Assessment:

Now that the reliability and validity of the measurement model is established, the structural(inner) model is examined to test the directional hypotheses. The coefficient of determination(R^2), effect size(f^2) and inter-endogenous construct correlations were the key criteria for this assessment.

Table 7. Coefficient of determination (R^2) for endogenous constructs.

Endogenous Construct	R^2	R^2 Adjusted
R2 - Employment Effects	0.384	0.378
R3 - Trade Patterns and GVC	0.462	0.458

The figures in Table 7 explains that there is 38.4% variance in R2 and 46.2% variance in R3, with adjusted R^2 values of 0.378 and 0.458 respectively. By comparing this to Hair et al.'s (2019) thresholds, both values fall within the moderate explanatory power range ($R^2 \geq 0.25$ but < 0.50). These R^2 values are significant for macro-level trade research, where outcomes are typically influenced by a vast array of exogenous geopolitical and institutional factors. That a single latent construct (R1) accounts for 38-46% of the variance underscores the explanatory importance of trade policy orientation. Furthermore, the adjusted R^2 values closely track the unadjusted figures ($\Delta \leq 0.006$), confirming the model is not overfitted or artificially inflated by its indicators.

Table 8. Cohen's (1988) f^2 effect sizes for structural paths.

Path Relationship	f^2 Effect Size	Interpretation
R1→R2	0.622	Large($f^2 \geq 0.35$)
R1→R3	0.860	Large($f^2 \geq 0.35$)

In Table 8, the f^2 effect sizes for both structural paths are interpreted as large, based on Cohen's (1988) conventional thresholds, according to Hair et al. R1 has a large impact on R3 with $f^2 = 0.860$. This approaches a dominant structural effect. The impact on R2 is also large. This indicates that removing R1 from the model would substantially diminish its predictive power for both endogenous constructs, confirming the central role of protectionist trade policy as a structural driver of both employment and trade outcomes.

Discussion

1. RQ1 - Long-Run Effects on Employment and Sectoral Reallocation:

The model shows us that protectionism leads to GVC contraction and onshoring of assembly activities. Simultaneously, it also disrupts downstream service and logistics employment. Ultimately, protectionism forces significant sectoral labor shifts, but the net impact on headcount remains non-uniform. This is dictated by a sector's factor intensity and its specific position within global production architectures. While long run effects are mediated by GVC restructuring, the short run outcomes align with the Stolper-Samuelson theorem. The analysis

identifies protectionist policies as the primary structural driver of employment dynamics. This explains approximately 38% of variance($R^2=0.384$) with a substantial effect size ($f^2=0.622$).

2. RQ2 - Influence of Protectionism on Trade Patterns and GVC Configurations:

Trade patterns and GVC configurations are most affected by protectionist measures. They yield the model’s highest effect size ($f^2=0.860$) and R^2 of 0.384. This establishes that trade flows are more immediately reactive to policy-induced price changes compared to labour markets. Notably, the modest correlation between GVC reorganization and employment ($r=0.266$) suggests that structural shifts in trade do not translate linearly into headcount changes. This is especially the case in highly automated segments. Thus, protectionism functions as a potent mechanism for redrawing global production geography, even when labor market outcomes remain buffered by institutional frictions.

3. RQ3 - Sectoral and Stage-of-Production Heterogeneity:

The analysis reports a clear asymmetry in sensitivity because trade patterns ($f^2=0.860$) respond far more strongly to protectionism than employment ($f^2=0.622$). Statistical metrics such as HTMT ratios and AVE values, confirm that employment impact is moderated by industry-specific labour inelasticities. On the other hand, the transmission from policy to trade is direct and sector-invariant. In line with the GVC fragmentation theory, protectionism on upstream intermediates creates widespread disruptions across downstream networks. This forces broad sourcing adjustments. On the other hand, downstream assembly sectors face more concentrated labour-intensive exposure. These findings confirm that the impacts on employment are staggered and determined by the unique GVC position of each sector.

Synthesis and Theoretical Implications

The results from the PLS-SEM model establishes a coherent empirical narrative: protectionist policies exert significant, differential effects on both trade and employment, with the impact on GVC and trade structures ($f^2=0.860$) being structurally more dominant than the already-substantial employment effect ($f^2=0.622$). These findings offer four substantive theoretical contributions by providing cross-national evidence of protectionism as a structural driver of labour markets, confirming that trade and employment consequences operate through distinct transmission channels. This empirically quantifies the role of trade pattern restructuring as a partial mediator for employment changes ($r=0.266$). Furthermore, the measurement model assessment, especially the HTMT ratios, show the strong relationship of protectionist policies within macroeconomic systems. This offers a refined framework for construct definition in future structural equation modelling research.

Table 9. Summary of Research Question Outcomes

RQ No.	RQ(condensed)	Key PLS-SEM evidence	Verdict	Effect Level
RQ1	Long-run employment &	$R^2=0.384$; $f^2=0.622$	Strongly Supporte	Large

	sectoral reallocation effects	($R1 \rightarrow R2$); $r=0.619$	d	
RQ2	Influence on trade patterns & GVC configurations	$R^2=0.462$; $f^2=0.860$ ($R1 \rightarrow R3$); $r=0.680$	Strongly Supported	Dominant
RQ3	Sectoral & stage-of-production heterogeneity	f^2 : $R1 \rightarrow R3$ (0.860) > $R1 \rightarrow R2$ (0.622); AVE: $R3 > R2 > R1$; HTMT differential	Strongly Supported	Sector - Variant

Limitations and Future Scope:

These results establish protectionism as a dominant structural driver, with effects on trade patterns significantly exceeding those on employment. However, this study is limited by its cross-sectional design. This may not fully capture long-term longitudinal adjustments and its reliance on aggregate sectoral data that can mask firm level abnormalities and automation disparities. There is significant opportunity to integrate firm level micro-data into multi-level SEM models to examine how heterogeneous responses to tariffs. These include margin absorption versus supply chain reallocation affecting local headcount. Therefore, future research should expand by incorporating longitudinal panel data to map the temporal decay of protectionist effects and the speed of labor market clearing.

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