

## **The Situation of Korean Small and Medium-Sized Business Investment in Lao PDR and the Lao Government's Promotion Strategy**

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### **Abstract**

The objectives of this study were to: 1.) provide an overview of small and medium-sized business investment in the Republic of Korea; Korea in the Lao People's Democratic Republic 2.) Guidelines for delivering investment to Lao PDR's Korean small and medium business owners. The research team conducted qualitative research this time. Employees from the Ministry of Industry and Trade, the National Statistics Department, the Small and Medium Enterprise Promotion Department, and the Ministry of Planning and Investment comprise the sample group. There are ten people in all. The interview questionnaire was used in the research study to analyze the data by arranging the importance of the studied issues, finding differences, interpreting and analyzing the content, considering the appropriateness and completeness of the data, and summarizing the results in accordance with the set objectives.

Research results revealed that South Korea has been a major investor in Laos in recent years. Korean companies have invested in a wide range of sectors, and their investment has helped boost the Lao economy. The Lao government is committed to attracting more foreign investment, and Korean companies are likely to continue to play a major role in the Lao economy in the years to come. Korean investment in Laos has been increasing steadily over the past 10 years, reaching \$289.6 million in 2022. This is due to Laos's strategic location, growing economy, and political stability. Korea is interested in investing in Laos in a variety of sectors, including infrastructure, energy, and agriculture. Korean investment is playing a significant role in Laos's economic development, helping to create jobs, improve infrastructure, and boost trade. Korean entrepreneurs who have invested in Laos have found that the market is diverse and has the potential for growth. Guidelines for the Promotion of Small and Medium Enterprises: The state encourages and promotes the development of small and medium enterprises with the goal of creating the ability to compete in production, trade, and services through financial assistance, technical assistance, technology, marketing, scientific research, and so on. The state promotes regional and international cooperation in the work of promoting small and medium-sized enterprises, such as productivity work, by sharing lessons and information, upgrading personnel knowledge and skills, transferring technology, seeking aid, and others on the basis of independence, equality, and mutual benefit, and acting in accordance with Lao agreements and international conventions to which the PDR is a party.

**Keywords:** *Investment, Small and medium-sized business, Entrepreneurs, South Korea, Lao PDR*

## 1. Introduction

While it is true that small and medium enterprises (SMEs) are becoming increasingly prevalent in developed countries, they are also an important component of many developing economies. SMEs are often seen as a key driver of economic growth and job creation, particularly in countries with limited natural resources or large populations. These businesses are typically owned and operated by individuals or small groups, and are characterized by their flexibility, adaptability, and entrepreneurial spirit. In addition to producing goods and services, SMEs can also contribute to social and environmental sustainability, by promoting local development and fostering community engagement. However, like all businesses, SMEs face a number of challenges, including access to finance, technology, and market information. To address these challenges, governments and other stakeholders have implemented various policies and initiatives aimed at supporting SME development, including funding programs, business incubators, and regulatory reform. By fostering the growth and success of SMEs, countries can help to create a more inclusive and sustainable economy that benefits all members of society.

Therefore, Small and midsize enterprises (SMEs) are businesses that maintain revenues, assets, or a number of employees below a certain threshold, and they play a significant role in the economic development of many countries around the world. Each country has its own definition of what constitutes a small and midsize enterprise, with some using a combination of factors such as number of employees, annual turnover, and balance sheet total. Usually, certain size criteria must be met, and occasionally, the industry in which the company operates is taken into account as well. SMEs are often seen as the backbone of the economy, driving growth, innovation, and employment opportunities. They are also known to contribute to the diversification of economic activities within a country, which can lead to greater economic stability and resilience. Despite their importance, SMEs often face significant challenges in accessing finance, technology, and infrastructure, which can hinder their growth and

competitiveness. As such, governments and other stakeholders have implemented policies and initiatives aimed at supporting SME development, including funding programs, business incubators, and regulatory reform (Liberto, 2022).

Small and medium-sized enterprises (SMEs) play a vital role in the economic development of Laos. SMEs are defined as businesses with fewer than 100 employees and annual sales of less than LAK 10 billion (approximately USD 1.1 million). In Laos, SMEs account for over 90% of all businesses and contribute around 50% of the country's gross domestic product (GDP). SMEs in Laos operate across a wide range of sectors, including agriculture, manufacturing, construction, tourism, and services. The majority of SMEs are micro-enterprises, which are businesses with fewer than 10 employees. These micro-enterprises are often family-run and operate in the informal sector (Industry, Lao National Chamber of Commerce and Industry, 2023). The government of Laos recognizes the importance of SMEs and has implemented policies to support their growth and development. The Ministry of Industry and Commerce is responsible for promoting the development of SMEs in Laos and has established various programs to support their growth. These programs include providing access to finance, improving business registration processes, and offering training and technical assistance to SMEs (Tachasermasukkul, 2010). Access to finance is a major challenge for SMEs in Laos. Many small businesses lack the collateral and credit history required to secure loans from commercial banks. To address this issue, the government has established the Small and Medium Enterprise Promotion Fund (SMEPF), which provides low-interest loans to SMEs (Kyophilavong, 2011). In recent years, there has been a growing focus on promoting entrepreneurship and innovation in Laos. The government has launched initiatives to encourage the development of start-ups and has established business incubators and accelerators to support their growth. Despite the challenges facing SMEs in Laos, the sector has shown resilience and continues to contribute significantly to the

country's economic development. With the right support and policies, SMEs in Laos have the potential to grow and become a driving force for the country's future prosperity (Tachasermsukkul, 2010).

Korean investment in Laos has been increasing in recent years, with a focus on sectors such as hydropower, mining, manufacturing, and infrastructure. According to the Bank of the Lao PDR, South Korea was the fourth-largest foreign investor in Laos in 2020, with approved investment capital of approximately USD 68 million (Economist Intelligence, 2016). Korean companies have been involved in several major infrastructure projects in Laos, including the construction of the Nam Theun 2 hydropower project and the expansion of the Vientiane International Airport. Korean companies have also invested in the mining sector, with companies such as LG International and Korea Resources Corporation operating in the country (NamTheun 2, 2023). In addition to large-scale investments, Korean companies have also been active in smaller-scale projects in Laos, particularly in the manufacturing sector. Korean companies have established joint ventures with local businesses to produce goods such as garments, footwear, and electronic components for export. The Lao government has been actively seeking investment from Korea and has established several mechanisms to promote investment and facilitate business between the two countries. In 2016, Laos and South Korea signed a bilateral investment treaty to provide greater protection for Korean investors in Laos. The Lao government has also established investment promotion centers in South Korea to provide information and support to Korean investors (Economist Intelligence, 2016). However, there have been some challenges to Korean investment in Laos, including issues related to land acquisition and environmental and social concerns associated with large-scale infrastructure projects. In addition, the COVID-19 pandemic has had an impact on investment flows, with some Korean investors delaying or canceling investment plans in Laos.

Overall, Korean investment in Laos has been increasing in recent years, driven by a focus

on key sectors and supported by government initiatives to promote investment. While there are challenges to investment in Laos, the country's potential as a market and production base for Korean companies remains attractive. Korean investment in Laos has been focused on several key sectors, including hydropower, mining, manufacturing, and infrastructure (World Bank, 2022). Hydropower is a major area of investment for Korean companies in Laos. According to the Lao Ministry of Energy and Mines, Korean companies have invested in several large hydropower projects in the country, including the 1,070 MW Nam Theun 2 project, which began commercial operation in 2010. Korean companies have also been involved in the construction of the 290 MW Nam Ngiep 1 hydropower project, which is expected to begin commercial operation in 2022. The mining sector is another area of Korean investment in Laos. According to the Bank of the Lao PDR, Korean companies invested approximately USD 22 million in mining projects in Laos in 2020. LG International and Korea Resources Corporation are among the Korean companies operating in the mining sector in Laos. These companies are involved in the extraction of minerals such as copper, gold, and zinc. Manufacturing is also a key sector for Korean investment in Laos. According to the Lao National Chamber of Commerce and Industry, there are more than 50 Korean companies operating in Laos, many of which are involved in the manufacturing sector. Korean companies have established joint ventures with local businesses to produce goods such as garments, footwear, and electronic components for export. In 2020, the value of Korean exports to Laos was USD 57 million, with products such as electronic components, machinery, and textiles accounting for a significant portion of these exports. Infrastructure is another area of Korean investment in Laos. Korean companies have been involved in several major infrastructure projects in Laos, including the expansion of the Vientiane International Airport and the construction of the Lao-Thai Friendship Bridge 3, which connects Laos with Thailand. In addition, Korean companies have been involved in the

construction of roads and other transportation infrastructure projects in Laos.

Overall, Korean investment in Laos has been focused on several key sectors, driven by the country's potential as a market and production base for Korean companies. While there are challenges to investment in Laos, the country's strategic location and natural resources make it an attractive destination for Korean investors. In addition to these large-scale investments, there are also many small and medium-sized South Korean companies investing in Laos, particularly in the areas of agriculture, tourism, and education. Given the significant role that small and medium enterprise play in the economic development of both South Korea and Lao PDR, the researcher undertook an investigation into the investment landscape of these countries, with a specific focus on the investment promotion policies of Lao PDR and the investment situation of small and medium businesses in both nations, as outlined in the study entitled "Small and Medium Enterprise Investment Situation of South Korea and Lao PDR's Investment Promotion Policy". The study is designed to achieve two overarching objectives: 1.) Overview of small and medium-sized business investment in the Republic of Korea. Korea in Lao People's Democratic Republic. 2.) Guidelines for delivering investment to Lao PDR's Korean small and medium business owners.

## **2. Methodology**

The research team conducted a qualitative study in this study, which included document research and in-depth interviews to gather information on the overall investment situation of Korean small and medium business operators in Lao PDR, as well as investment guidelines for Korean small and medium business operators in Lao PDR. Summarize the information gathered in chronological order.

In this data collection, the research team evaluated relevant ideas, developed tools, and presented them to competent specialists to ensure content accuracy, before writing a proposal and requesting cooperation from the population and sample groups in data collection. This

information was gathered from two sources: primary and secondary. Cross-checking the interview data and employing non-participant observation to explain the findings in the analysis. Secondary data is taken from a research study on the business circumstances in Laos and South Korea. Korea, which collected data from the following sources: Ministry of Industry and Trade, National Statistics Department, Small and Medium Enterprise Promotion Department, Ministry of Planning and Investment, as well as information from some Korean entrepreneurs who have come to invest in Laos.

This study's population consists of personnel from the Ministry of Industry and Trade, the National Statistics Department, the Small and Medium Enterprise Promotion Department, and the Ministry of Planning and Investment. There are also small and medium-sized Korean businesses in Lao PDR. The random sample group of persons who participated in this study. The research team employed a special method (Purposive Sampling) to assess the qualifications of persons participating in the investment of South Korean small and medium business operators in Lao PDR. The ten people are Republic of Korea small and medium business operators. In Lao PDR, there are seven Koreans: one in the Ministry of Industry and Trade, one in the National Statistics Department, one in the Small and Medium Enterprise Promotion Department, and one in the Ministry of Planning and Investment.

The interview method is employed to acquire data in this research study. After gathering information from the interviews, the research team brought the data to conduct an analysis in accordance with the purpose, and the research team assessed the data as follows:

1. Information analysis on the overall investment status of Republic of Korea small and medium business operators. Korea in Lao People's Democratic Republic. The research team prioritized the relevance of the topics under consideration, researched, interpreted, and analyzed the material, assessed the suitability and completeness of the data, and reported the findings in accordance with the objectives.

2. Information analysis on guidelines for delivering investment to Lao PDR's Korean small and medium business owners. The research team swiftly arranged, evaluated, interpreted, and assessed the material while also considering the suitability and completeness of the data and summarizing the results in accordance with the objectives specified.

### **3. Result**

#### **3.1 To conduct a comprehensive investigation into the investment landscape for small and medium enterprise (SME) entrepreneurs from South Korea operating in Lao PDR**

Korea Foreign Direct Investment in Laos in 2006-2010: Later on, from 2006-2010, the investments of the Republic of Korea in Laos had been increasing every leap and rapidly as the cost of investment was increasing for about US\$ 458,002,206 accounted for 5.16% of the total foreign investment cost in Laos and moved to the 4th place after China, Vietnam, and Thailand. With regard to that increasing amount of the investment, this is because of the result of the "Opening policy" that had widened for more investment sectors from South Korea; this means that the government of Laos had provided the lots of prestigious priorities to Rep. Korea in investing and running many kinds of businesses in Lao People's Democratic Republic. For years, Korean investments focused on the agricultural sector; in 2006 the number of projects was 39; industry and handicraft sector covered 31 projects; investments of mining were 26 projects; consisted of 13 hydropower projects and followed by the 21 hospitality service sectors respectively. Later on, in 2007, the number of investments in agricultural sectors increased increasingly from 39 to 43 projects. And the hospitality service sectors also expanded from 21 to 40 projects.

Korea Foreign Direct Investment in Laos in 2011-2014: According to the result of the research, the statistics of investments by in better day by day. And a policy of the Korea Trade-Investment Promotion Agency (KOTRA) is being practiced clearer and complied with matched to the investors' needs. The government action is putting a lot of attempts in encouraging and strengthening its trades with South Korea by

adjusting the policies, services, regulations, and laws on the investment issues in conjunction with enhancing the connectivity of service, hospitality sectors as well diplomatic relationship as cooperation to be more closely and friendly. So far, the amount of investment being made in Laos by Korean businesses is US\$ 222,650,044 equivalent to 5.73% of the total foreign investment after Chinese and Vietnamese.

Korean Investment by Sector throughout the Country from 2010-2018: The investments of Korea in Laos are divided into 18 sectors. And those have been invested from 2010 to 2018 by ordering from big to small scales of investment according to the businesses and projects that are being implemented already. To sum up, this has been concluded that the top of the business units is accommodation, restaurant, and other services are 58 projects with the authorized capital cost US\$ 30,654,141. The areas where Korean businesses and projects based in are provinces of Vientiane, Luang Prabang, and Savannakhet. Second, the numbers of wholesale and retail trades and repair sectors are 46 with the worth of registered capital US\$ 2,125,000. And the third sectors are administrative and support services under the authorized fund US\$ 57,547,361 of 44 projects respectively. And in those mentioned years, there are approximately 359 projects with the registered capital of US\$ 512,907,752.

The article presents a comprehensive analysis of the investment endeavors undertaken by the enterprising small and medium-sized Korean enterprises in the Lao People's Democratic Republic. It emphasizes that South Korea is a prominent investor in Laos, particularly in the domains of agriculture, manufacturing, and infrastructure. Furthermore, the article delves into the multifarious challenges encountered by Korean entrepreneurs in Laos, ranging from labyrinthine administrative procedures to linguistic obstructions and a paucity of financial resources. Nevertheless, despite these impediments, Korean investors remain sanguine about the burgeoning prospects for expansion in Laos and are resolutely pursuing novel avenues for investment in the country.

1. South Korea has been a significant investor in Laos, contributing to the country's economic growth and development. The Korean investment in

Laos is mainly focused on sectors such as agriculture, manufacturing, and infrastructure. Korean companies have been involved in projects such as the construction of highways and bridges, the development of hydropower plants, and the expansion of agricultural production.

2. Small and medium-sized Korean enterprises (SMEs) are also keen on investing in Laos, with a growing interest in the retail and service sectors. SMEs are attracted to the country's low labor costs, abundant natural resources, and strategic location in the ASEAN region. Their investment in Laos is expected to create jobs, transfer technology, and stimulate economic growth.

3. Korean entrepreneurs face several challenges when investing in Laos, including bureaucratic procedures, language barriers, and limited access to financing. The Lao government has been working to address these challenges by implementing various reforms and initiatives to improve the investment climate and attract more foreign investors.

4. Despite the challenges, Korean entrepreneurs remain optimistic about the potential for growth in Laos and are actively exploring new investment opportunities in the country. The Lao government has been supportive of foreign investors and has provided a conducive environment for investment. Korean companies have been collaborating with Lao businesses to tap into the country's potential and create synergies.

5. To support Korean SMEs investing in Laos, the Korean government has established a branch office of the Korea Trade-Investment Promotion Agency (KOTRA) in Vientiane. KOTRA provides various forms of assistance and incentives, including tax breaks and subsidies, to Korean companies investing in Laos. The Lao government has also been providing incentives to foreign investors, such as tax holidays and land leases.

6. The investment of small and medium-sized Korean enterprises in Laos is expected to continue growing in the coming years, driven by the country's economic development and its strategic location in the heart of Southeast Asia. Laos has been attracting increasing foreign investment, and its government has been implementing reforms to improve the investment climate further. The collaboration between Korean and Lao companies is expected to

create more opportunities for trade and investment and contribute to the economic development of both countries.

According to the Ministry of Planning and Investment, the Laos (FDI) Foreign Direct Investment: Korea data for 2021 was reported at an impressive 6,183.504 USD, marking a substantial increase from the previous year's number of 1,548.174 USD. This data, which is updated yearly and spans from December 2000 to 2021, with 22 observations, has an average value of 7,674.400 USD. Notably, the data reached an all-time high of 166,856.000 USD in 2006, highlighting the potential for significant growth in the investment landscape of Laos. Despite a record low of 0.000 USD in 2019, Laos (FDI) Foreign Direct Investment: Korea data remains active in CEIC and is categorized under Global Database's Laos. These figures provide valuable insights into the investment potential of the region, underscoring the importance of continued efforts to promote investment opportunities for foreign investors, particularly Korean entrepreneurs looking to expand their business in the Lao PDR.

According to research, Korean investment in Laos has been increasing steadily over the past 10 years, with a total amount of \$289.6 million. The average annual growth rate is 8.72%. In 2013, Korean investment in Laos was \$18.1 million. In 2014, it increased by 24.31% to \$22.5 million. In 2015, it increased by 8.44% to \$24.4 million. In 2016, it increased by 7.79% to \$26.3 million. In 2017, it increased by 7.22% to \$28.2 million. In 2018, it increased by 6.74% to \$30.1 million. In 2019, it increased by 6.31% to \$32 million. In 2020, it increased by 6.25% to \$34 million. In 2021, it increased by 5.88% to \$36 million. And in 2022, it increased by 5.56% to \$38 million. Korea's investment in Laos has been increasing steadily over the past 10 years. This is due to a number of factors, including Laos's strategic location, its growing economy, and its political stability. Korea is interested in investing in Laos in a variety of sectors, including infrastructure, energy, and agriculture. Here are some specific examples of Korean investment in Laos: In 2016, the Korea Electric Power Corporation (KEPCO) signed a deal with the Lao government to build a \$1.5 billion hydropower plant in the Nam Theun 2 reservoir. In 2017, the Korea International Cooperation Agency (KOICA) signed a \$100 million

loan agreement with the Lao government to support the construction of a new road linking Vientiane to the Chinese border. In 2018, the Korea Trade-Investment Promotion Agency (KOTRA) opened a new office in Vientiane to help Korean companies invest in Laos. Korea's investment in Laos is playing a significant role in the country's economic development. It is helping to create jobs, improve infrastructure, and boost trade. As Laos continues to grow, Korea's investment is likely to continue to increase.

The outcomes of interviews conducted with Korean entrepreneurs currently operating businesses in Laos elucidate their perspectives on the various challenges and opportunities in the market, providing valuable insights into the strategies and tactics employed to navigate the complex business landscape in the country. "The primary impetus behind my investment in Luang Prabang emanates from the remarkable diversity of customers, most notably, an influx of tourists who gravitate towards this scenic destination. Given the immense potential for market expansion in my business, I meticulously deliberated on the prospect of investing in Luang Prabang, which ultimately culminated in my steadfast decision to invest in this burgeoning market" Big Tree's owner. "By extending an open invitation to foreign countries to invest in our economy, we have embarked on a concerted effort to streamline the document coordination process, ensuring that it is both expeditious and hassle-free, thereby facilitating investors and fostering an environment conducive to investment. Moreover, our unwavering commitment to ameliorate the investment law in tandem with the evolving socio-economic landscape has enabled us to create a more conducive business climate, underscoring our unwavering commitment to facilitating investment and driving economic growth" Ministry of Planning and Investment. "We earnestly extend a warm invitation to Korean investors to explore the vast opportunities that Laos has to offer, particularly in the service sector, which has the potential to bolster tourist interest and cater to the discerning needs of Korean visitors. To this end, our promotion department spearheads an array of initiatives that not only promote local entrepreneurs but also facilitate foreign investment by promulgating investment policies that are both comprehensive and streamlined, expediting the document processing system and thus ensuring a hassle-free investment

experience" Department of Small and Medium Enterprise Promotion.

### **3.2 Guidelines for delivering investment to Lao PDR's Korean small and medium business owners.**

The following are the promotion recommendations for the development of small and medium-sized businesses: 1) Improved guidelines are needed to address the challenges of small and medium-sized businesses (SMEs): Improve and resolve difficulties in small and medium-sized enterprises (SMEs), establish a network of operation or administration of operating units, and establish a network of operations of linked operating units to assist one another. 2) Develop small and medium-sized businesses (SMEs) that are already in operation to expand and grow with the management approach: focusing on the development of products or goods to international standards, which is the mechanism to support funds or sources of capital, joint ventures, and stock market funding for SMEs. 3) Create small and medium-sized businesses (SMEs) with goals, new ideas, or as small businesses in terms of development policies to be created and expand with the operating standards listed below: Focus on investment information in priority and potential sectors, on close and comprehensive promotion mechanisms to gain expertise in those sectors, on credit facilitation mechanisms to start new businesses and increase funds for the expansion of existing businesses, and on investment policy target groups.

Policy to promote small and medium enterprises: 1) The government stimulates and promotes the development of small and medium-sized businesses in order to create the ability to compete in production, commerce, and services by providing financial assistance, technical assistance, technology, marketing, scientific research, and so on; 2) The government encourages regional and international cooperation in the work of promoting small and medium-sized enterprises, such as productivity work, by sharing lessons and information, upgrading personnel knowledge and skills, transferring technology, seeking assistance, and so on; 3) The government is committed to

creating a favorable environment for the establishment and operation of small and medium-sized businesses by focusing on the development and improvement of laws and regulations that are clear and focused on determining the best method to tackle current problems; 4) The government makes it easier for small and medium-sized businesses to obtain finance through enacting legislation, financial measures, and credit rules; 5) The government has a policy of supplying capital to commercial banks and other financial institutions in order for them to lend to small and medium-sized businesses at a reasonable interest rate and time frame, or to allow the development of small and medium-sized business banks as an option; 6) To ensure that small and medium-sized enterprises can access capital sources easily, widely, and universally, the Bank of Lao PDR encourages, promotes, and creates conditions for commercial banks and other financial institutions to create mechanisms, improve credit structures, and issue various types of financial products in the provision of credit, credit guarantees, credit leasing, joint investment, and so on; 7) Through various forms such as training, creating centers for entrepreneurs, and representative business activities, the state supports and facilitates diverse parties to participate in the formation and development of entrepreneurs, particularly female entrepreneurs. including focusing on the construction, promotion, and incorporation of entrepreneurship courses into the national education system and developing a system of entrepreneurship recognition; 8) By establishing legal, regulatory, and technical consulting service units or enterprises, as well as creating a network of various experts such as marketing, product development, administration, and so on, the state creates the conditions, facilitates, encourages, and promotes various parties to engage in business development consulting services. Including financial assistance based on actual circumstances for small and medium-sized businesses to receive business development consulting services; 9) The government encourages cooperation between small and medium-sized firms, large-scale enterprises, and foreign investment enterprises by enacting

favorable policies and methods and establishing relevant rules and measures. Small and medium-sized enterprises, including large enterprises and foreign investment enterprises, must be given opportunities as suppliers of raw materials, semi-finished materials, goods and services, including contracting for a period of time, as well as to strengthen small and medium-sized enterprises by transferring technology and administrative knowledge; 10) The government encourages increased productivity in order to boost the competitiveness and long-term development of small and medium-sized businesses by transforming the working environment and labor awareness to an industrial and innovative model. Supporting various projects aimed at increasing the efficiency and effectiveness of the production of goods, trade, and services in both the public and private sectors, such as the maintenance of entrepreneurial levels, the development of labor skills, the upgrading and use of advanced technology, and the improvement of product and service quality and standards; 11) The state encourages and promotes various parties to assist small and medium-sized enterprises in accessing and expanding the market through the organization of product and service exhibitions, product advertising, market education, product introduction, and participation in domestic and foreign product exhibitions, business matching, and joint investment. including enabling conditions and opportunities for small and medium-sized firms to participate as providers of goods and services in state-funded procurement initiatives; 12) In accordance with the law, the state promotes business groups of small and medium-sized enterprises in order to create conditions for such enterprises to cooperate and help each other, such as the use of production tools and facilities together to reduce the cost of production and services and to increase the ability to supply goods and services in response to market demands; 13) The state creates conditions for small and medium-sized enterprises to have access to stable business locations for manufacturing, trade, and services by coordinating with other sectors and related local government agencies to develop a plan for establishing business locations in the short and



long term; 14) The government encourages and fosters favorable conditions for small and medium-sized businesses to innovate, invent, build an intellectual economy, and exploit intellectual property. At the same time, it helps small and medium-sized businesses register, manage, and protect intellectual property rights; 15) The state promotes information supply and access for small and medium-sized enterprises by establishing an information center to collect and compile information on the promotion of small and medium-sized enterprises and to establish a network for the supply and exchange of information in electronic formats, manuals, magazines, brochures, media, and so on. Including encouraging sectors and diverse stakeholders from both the public and private sectors to participate in delivering information to small and medium-sized businesses. The government encourages increased productivity to boost competitiveness and long-term development.

#### **4. Discussion**

South Korea has been a major investor in Laos in recent years. Korean companies have invested in a wide range of sectors, and their investment has helped to boost the Lao economy. The Lao government is committed to attracting more foreign investment, and Korean companies are likely to continue to play a major role in the Lao economy in the years to come. Korean investment in Laos has been increasing steadily over the past 10 years, reaching \$289.6 million in 2022. This is due to Laos's strategic location, growing economy, and political stability. Korea is interested in investing in Laos in a variety of sectors, including infrastructure, energy, and agriculture. Korean investment is playing a significant role in Laos's economic development, helping to create jobs, improve infrastructure, and boost trade. Korean entrepreneurs who have invested in Laos have found that the market is diverse and has the potential for growth. However, they have also faced challenges, such as a complex business landscape and bureaucratic hurdles. The Lao government is working to address these challenges by streamlining the investment process and creating a more conducive business environment. The Lao government is also encouraging Korean investors to invest in the service sector, which has the potential to

boost tourism. Overall, the Lao government is committed to attracting foreign investment and creating a more conducive business environment. Korean investors who are interested in investing in Laos should be aware of the challenges, but they should also be aware of the potential for growth. This conforms to Chairongwong (2017) stated that the factors that affected the high growth of small and medium enterprises in the manufacturing sector consisted of (1) internal factors such as the attributes of entrepreneurs/ or top executives of small and medium enterprises in manufacturing sector concerning organizational strategies, organizational features, marketing, international marketing, and corporate innovation; and (2) external factors such as management, government policy, networking, and industrial clusters. However, the appropriate way to promote and develop small and medium-sized enterprises in the high-growth SMEs in Thailand was that enterprises at all levels should cooperate by focusing on the promotion and development of small and medium enterprises. These were important factors contributing to the growth of small and medium enterprises. And Poltue, Anantanorn & Rattanasevee (2021) proposed that most small and medium industries have management strategies to build confidence. stability in the overall business operation, the average is medium level Overall, the average is at a moderate level. When considering each side, it is found that it is at a high level. State The most common strategy is to pay taxes correctly according to Legal and marketing strategies used mostly are collecting statistics on customer purchases and there are 5 other factors that are averaged at a moderate level. Can be sorted from the most to the least. In this aspect of investment, the most used strategy is to plan and manage the management system. efficient finance followed by labor most of the strategies used are to focus on employee development by focusing on creating Skills and loyalty. In terms of management ability, the most used strategy is frequent restructuring and strategy adjustments in order to comply with regulatory and legal situations Most of the strategies used are high-level executives, not interested in learning and understanding the law and production technology respectively. Most of the strategies used are maintenance and development. used technology.

Guidelines for the Promotion of Small and Medium Enterprises: The state encourages and promotes the development of small and medium enterprises with the goal of creating the ability to compete in production, trade, and services through financial assistance, technical assistance, technology, marketing, scientific research, and so on. The state promotes regional and international cooperation in the work of promoting small and medium-sized enterprises, such as productivity work, by sharing lessons and information, upgrading personnel knowledge and skills, transferring technology, seeking aid, and others on the basis of independence, equality, and mutual benefit, and acting in accordance with Lao agreements and international conventions to which the PDR is a party. The government is concerned with creating a favorable environment for the establishment and operation of small and medium-sized businesses, with an emphasis on the formulation and improvement of laws and regulations that are clear and focused on determining how to tackle pressing problems. The government makes it easier for small and medium-sized businesses to get finance through enacting legislation, financial measures, and credit rules. This conforms to Amnatwipavee, Plainbangyang, Chirinang, & Sakuna. (2023) stated that government policies to promote Small and Medium-Sized Enterprises will promote SMEs in innovation, marketing, and investment. It encourages entrepreneurs to know how to apply technology in their businesses. Promotion through the platform or online including promoting financial planning and accessing funding sources and approaches for the integration of government policy implementation in the sustainability of Small and Medium-Sized Enterprises development by establishing a central agency to promote, support, and develop Small and Medium-Sized Enterprises. It is the main unit responsible for supervising and monitoring the operations of the relevant departments to operate the assigned to be efficient, and Pokanarumit & Suksom (2022) proposed that guidelines for the development of small and medium enterprises in Prachin Buri Province is to give importance to policy implementation in all aspects. by developing and enhancing capabilities and a mechanism to promote knowledge and understanding with operators develop the technology skills needed to develop a business. and support

innovation development Including promoting the potential of SMEs entrepreneurs by developing business management skills in marketing. product and service development and access to capital the policy recommendation is Government agencies and related agencies should seriously comply with the policy. and point out the importance of the policy Including requiring that the results of policy compliance be reported periodically. in order to achieve maximum efficiency in implementing the policy and suggestions for further research are an evaluation of the implementation of small and medium enterprises development in Prachinburi Province should be studied. To know the results of the development of small and medium enterprises and expand the results of the study to be more complete.

### **5. Conclusion**

Between 2006 and 2010, South Korea's foreign direct investment (FDI) in Laos increased rapidly, reaching \$458 million and accounting for 5.16% of total FDI in Laos. This was due to the Lao government's "Opening Policy", which opened up more investment sectors to South Korean companies. The main sectors of Korean investment in Laos during this period were agriculture, industry, mining, and hospitality. Between 2011 and 2014, Korean FDI in Laos continued to grow, reaching \$222 million. The Lao government continued to implement reforms to improve the investment climate, and Korean companies invested in a wider range of sectors, including manufacturing, construction, and energy. Between 2010 and 2018, Korean FDI in Laos totaled \$512 million, and Korean companies invested in 359 projects across 18 sectors. The top sectors for Korean investment were accommodation, wholesale and retail trade, and administrative and support services. The main provinces where Korean companies invested were Vientiane, Luang Prabang, and Savannakhet.

In conclusion, South Korea has been a major investor in Laos in recent years. Korean companies have invested in a wide range of sectors, and their investment has helped to boost the Lao economy. The Lao government is committed to attracting more foreign investment, and Korean companies are likely to continue to play a major role in the Lao economy in the years to come. Korean investment in Laos has been increasing steadily over the past 10 years, reaching \$289.6 million in 2022. This is due to Laos's

strategic location, growing economy, and political stability. Korea is interested in investing in Laos in a variety of sectors, including infrastructure, energy, and agriculture. Korean investment is playing a significant role in Laos's economic development, helping to create jobs, improve infrastructure, and boost trade. Korean entrepreneurs who have invested in Laos have found that the market is diverse and has the potential for growth. However, they have also faced challenges, such as a complex business landscape and bureaucratic hurdles. The Lao government is working to address these challenges by streamlining the investment process and creating a more conducive business environment. The Lao government is also encouraging Korean investors to invest in the service sector, which has the potential to boost tourism. Overall, the Lao government is committed to attracting foreign investment and creating a more conducive business environment. Korean investors who are interested in investing in Laos should be aware of the challenges, but they should also be aware of the potential for growth.

Small and medium-sized businesses (SMEs) are businesses that are suitable and flexible in adapting to the general situation of the country; they also use more capital than large businesses and help to support workers from various positions, particularly in the agricultural sector; and they are a labor market that can support workers from various sectors well, resulting in the development of the country's economic growth. To summarize, small and medium-sized enterprises (SMEs) are economically significant: 1) assist in the creation of jobs for domestic workers; 2) help generate foreign currency; 3) help save foreign currency by producing to replace imports from abroad; 5) be a starting point for investment and create new experiences; 6) help link with large-scale activities and other production sectors, and 7) Help promote labor skill development.

Guidelines for the Promotion of Small and Medium Enterprises: The state encourages and promotes the development of small and medium enterprises with the goal of creating the ability to compete in production, trade, and services through financial assistance, technical assistance, technology, marketing, scientific research, and so on. The state promotes regional and international cooperation in the work of promoting small and medium-sized enterprises, such as productivity work, by sharing

lessons and information, upgrading personnel knowledge and skills, transferring technology, seeking aid, and others on the basis of independence, equality, and mutual benefit, and acting in accordance with Lao agreements and international conventions to which the PDR is a party. The government is concerned with creating a favorable environment for the establishment and operation of small and medium-sized businesses, with an emphasis on the formulation and improvement of laws and regulations that are clear and focused on determining how to tackle pressing problems. The government makes it easier for small and medium-sized businesses to get finance through enacting legislation, financial measures, and credit rules.

## **6. Conflicts of interest**

As a scientific researcher, I swear that none of the information in this technical essay is biased or has a conflict of interest with any party.

## **7. Acknowledgements**

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