

# ENVIRONMENTAL FACTORS AND TRENDS IN BUSINESS RELOCATION OF FOREIGN ENTERPRISES IN SAVANNAKHET PROVINCE - CASE STUDY: KAISONE PHOMVIHAN CITY AND OUTHOMPONE DISTRICT

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## ABSTRACT:

This study discussed the environmental factors and trends in the business base of foreign enterprises to do business in Savannakhet Province (Laos) in terms of the environment (SWOT) of Kaysone Phomvihane, the readiness to relocate, and the trends and causes of relocation. The sample group used in the study were 126 foreign enterprise units in Kaysone, Phomvihane and Outhomphone districts. Questionnaires and descriptive statistics were used to find statistical values that affect environmental factors and business migration trends. The study found that the relocation of foreign business bases is due to the investment attractiveness, investment promotion, policies, and regulations of the destination country.

**Keywords:** SWOT, entrepreneur, readiness, relocation.

## 1. Introduction

The global economy and trade are now moving towards greater trade liberalization. ASEAN member countries must adapt to the economic and trade environment, so that trade liberalization will have the smallest impact on ASEAN economies and trade within the member countries (Alongkone Tonsyhangnakon, 2011). According to the direction policy change of Party-Government the countries linked to international, as we known that Laos which is a country located in the center of the peninsula Indochina region East Asia South has become strategically important link in the trade, and tourism investment.

The Party-Government have put several improvements, renovated structure foundation of public health, public utilities such as guest houses, hotels, hospitals, restaurants, including location services, health and beauty to accommodate and meet the demands of tourists, both domestic and foreign. Savannakhet with a total area of 21 774 km<sup>2</sup>, of which mountainous area accounted for 42% and plains cover 58% of the national level that have broad path strategically important Route No. 13 South leading through from north to south and Route 9 East to West that is a strategic link sub-region, with the growing economy as the agriculture, industry, services and other enterprise

units were necessary to grow the economy of the province including the investment of private domestic and foreign (Anon, via developed economy - Social 2016).

Savannakhet Province has been open to foreign investment since 1992. From 1992 to 2013, foreign investment from 20 countries invested in 150 projects with an investment value of US \$ 1,787,780,047, investing in four sectors: Agriculture & Forestry, Industry, Energy & Mining and Services (Provincial Department of Planning and Investment, 2014). Industrial, Commercial and Handicraft Infrastructure of Savannakhet Province there are a total of 2,827 factories, of which 47 are large-scale factories, 56 are medium-sized factories, the remaining 96% are small to accommodate trade and investment at the provincial level. In FY 2015-2016,

Savannakhet province was able to attract domestic and foreign investment, including 130 enterprises, worth 1,691.89 billion Kip or about 211.48 million USD, equivalent to 71.09% of the annual plan, compared to FY 2014-2015, the capital value increased to 9.35 times (Department Provincial plan and summary of foreign investment t, year 2017). But in year 2017, it could be seen that there is a slowdown in foreign investment due to a number of factors, including global and regional economic conditions, competition for foreign investment from neighboring countries, limited public land for private concessions, and the suspension of approval of mining concession project, rubber and eucalyptus plantation projects.

To date, the total foreign investment in Savannakhet province are 126 enterprises, with an investment value of 10,123.32 billion kip. Of which, general investment wer 71 enterprises worth 6,782.45 billion kip, Savanh-Xeno Special Economic Zone has 55 enterprises worth 1,0131.12 billion kip. Notice that the investment is now declining. (Savannakhet Provincial Statistics Center, 2017)

It can be seen that foreign investment is very important for the development of the economic system of Lao PDR due to the problem of our government because Laos is an economically developing country in terms of economy, education, technology, science compared to many other ASEAN countries. Foreign direct investment

plays a very important role in the transfer of capital to our country, leading to the development of both production resources and human resources, and is also one of the government's mechanisms to compete for foreign capital (Department of Provincial Planning and Investment, 2017).

***The purpose of this research is to:***

- Study the opinions of foreign enterprises on the environmental factors that come to do business in Savannakhet province.
- Study the readiness of foreign enterprises to relocate their business bases to do business in Savannakhet province.
- Study the trends and reasons for relocating foreign companies' business bases to other countries

**2. Methodology**

***Scope of study:***

The place used to collect data for this study were foreign enterprises doing business in Kaysone Phomvihian city and Outhomphone district, Savannakhet province.

***Length of study:***

The duration of the research work is for a total period of 12 months, starting from January 1 to December 25, 2019

***Methodology:***

Sample group selecting

The sample used for data collection was to select only foreign enterprises with offices and companies located in Kaysone Phomvihian and Outhomphone districts of Savannakhet province, which are normally active enterprises with 108 units (Source: Statistics from Department of Provincial Planning and Investment 2018).

***Data collection***

The data were collected from two parts as follows:

- Preliminary data were collected from a sample of 108 subjects using questionnaires, interviews, and behavioral observations.
- The secondary information section is compiled from relevant research articles that have been published before, from internet searching machine, from relevant village sections, and from various journals.

***Data analysis***

For data analysis, software SPSS was used following statistical data to analyze the factors of

environment in doing business, availability of enterprise abroad to move businesses conducting in the provinces of Savannakhet and trends of business enterprises to relocate in other countries. In the analysis process Descriptive Statistics such as Frequency, Percentage, Mean, and standard deviation (SD) had to be calculated with the using of criteria of score at 5 Levels. It is necessary to find down the mean and standard deviation, with the overall scoring criteria and classification of opinions by using the rating scale Mr. Likert scale to interpret the results of the study as follows:

*Rating criteria*

- Level 5: Most important
- Score 4: Very important
- Score 3: Moderate importance
- Score 2: Important
- Score 1: Not important

The total score obtained from all the answers is a score that measures the level of opinion by dividing the mean score level, in interpreting each side by dividing the level of importance into 5 levels of average value as follows:

*Average translation criteria*

The average is between 4.21 - 5.00: Most important

The average value is between 3.41 - 4.20: Very important

The average is between 2.61 - 3.40: Moderate important

The average is between 1.81 - 2.60: Important

The average is between 1.00 - 1.80: Not important

**3. Results**

Results of Environmental Factors for doing Business in Kaysone Phomvihane and Outhomphone Districts, Savannakhet Province:

***Results of analysis of internal environmental factors in terms of strengths:***

The Table 1 shows that for the analysis of strengths, the entrepreneurial business opinion is at the average of 2.16 and the deviation standards equal to 0.87. For the analyzing of each aspect, it was found that operators of foreign opinion to such as low fee of electricity, low fee of water, and road connectivity between foreign countries is at about the value of ( $\bar{X} = 2.32$ , S.D = 0.94). Reason is that although the availability of infrastructure, but in practice actually sometimes electrical power service fall down, the system providing water does not meet demand fully and road system management is still fraught with some obstacles.

**Table 1: Results of analysis of internal environmental factors for the strengths in Kaysone Phomvihane and Outhomphone districts**

Strengths	Opinion level		
	$\bar{X}$	S.D	Interpret results
1. Strategically located at the center of EWEC, GMS	2.06	0.87	Low level
2. No serious natural disasters (no earthquake, no TSUNAMI)	2.10	0.87	Low level
3. Abundant natural resources	2.13	0.88	Low level
4. There is a special tax policy	2.27	0.95	Low level
5. Low electricity bills, low water supply and roads connecting to the countries	2.32	0.94	Low level
6. Diversified personnel	2.17	0.86	Low level
7. Convenient and fast document approval system	2.20	0.86	Low level
8. Get the privilege of exporting to other countries	1.81	0.71	Low level
9. There is a land lease policy	2.32	0.92	Low level
10. Low wage rate	2.17	0.88	Low level
11. Low electricity and low water supply	2.19	0.81	Low level
<b>Total</b>	<b>2.16</b>	<b>0.87</b>	<b>Low level</b>

Source: From the business interview of Kaysone and Outhomphone districts on 20/05 - 26/07/2019

disorders and traffic congestion. Land lease policy, on the other hand, was found to be at a low level with a mean and standard deviation value of ( $\bar{X} = 2.32, S.D = 0.92$ ) because land allocation system in each area was not yet suitable for foreign investment.

Analysis policy special tax is at least average and volatility ( $\bar{X} = 2.27, SD = 0.95$ ) because the providing service system of authorities is not done smoothly. It might explain also that rules are still not systematic, inadequate and inconsistent with tax laws to promote investment, and it is therefore government employees are taking unfair advantage of any abusing to investors. The system to approve documents conveniently and quickly is less by the average of 2.20 with the SD of 0.86. The low level of opinion shown that the unit of sections of the reluctance among service sectors had done complicitly and took long time operation documents. As well as commenting on the electricity bills and water supply cost is at the low level with an average and SD equal to 2.19, and 0.81, respectively, the low wage rate level is satisfied at the low level with an average value of 2.17, and SD of 0.88. Although the wage rate level is low, in parallel the investors still claim that there is as unqualified labor. It can interpret as unqualified or raw labor force, and could not use these workers directly in the industries. There is a

need to invest in vocational skill training to meet company standards.

In terms of the quality of personnel, there is a large number of staff who can be seen at the lowest level, which is equal to the average value of 2.17, and SD of 0.86. The reasons why foreigner give low feedback is because the number of skilled personnel within Lao PDR to be included in the company is not sufficient to meet the demand, so it is necessary to hire skilled personnel from abroad. The resources natural abundance is at least level with the average value and SD of 2.13, and 0.88, respectively. Disaster (no earthquake, no TSUNAMI) is also at least level by the average value and SD of 2.10, and 0.87, respectively. For the part of the strategy at the center of EWEC, GMS is on small scale level as the average and SD equal to 2.06, and 0.87, respectively. Finally, on the privilege of exporting goods, there is an average value of 1.81, and SD equals to 0.71. That is at least level because some exporting products of companies are not fully open to the target market.

In the State controlled goods and export promotion system, there is a barrier such as the processing of document originates complicatedly with multi-step and delays.

**Results of analysis for internal environmental factors in terms of weaknesses:**

Table 2 show that the result of the factors

**Table 2: Results of analysis of internal environmental factors in terms of weaknesses**

Weaknesses of Kaysone Phomvihane and Outhomphone districts	Level opinion		
	$\bar{X}$	S.D	Interpret results
1. Skilled personnel	2.26	0.82	Low level
2. Source of raw material that close and response sufficiently	2.31	0.84	Low level
3. Convenient road network and docking with countries	2.04	0.84	Low level
4. The consultant has expertise	2.18	0.88	Low level
5. Appropriate and sufficient land to meet therequirements	1.74	0.67	Not important
6. Party-Government for the fun providing	1.78	0.67	Notimportant
7. Provincial administration in accordance with international culture	2.08	0.84	Low level
8. Level of technology that can support service and production	2.28	0.85	Low level
9. Employees are still linked to the old culture and slow business adaptation	1.77	0.62	Not important
10. Telecommunication and Internet system	2.45	0.95	Low level
<b>Total</b>	<b>2.09</b>	<b>0.80</b>	<b>Low Agreement</b>

Source: From the business interview of Kaysone and Outhomphone districts on 20/05 - 26/07/2019

analysis for the internal environment on the weakness of Kaysone, Phomvihane and Outhomphone districts was found to be at low agreement with the average value of ( $\bar{X} = 2.09$ , S.D = 0.80). When we analysed the various data, it was found that telecommunication and internet systems have the average values of ( $\bar{X} = 2.45$ , S.D = 0.95), because this mentioned system has not yet reached the standard of speed limit. But the factor of source for the raw materials, which are available close to the companies, and responses sufficiently to the enterprises, is adequate with the average value of ( $\bar{X} = 2.31$ , and S.D = 0.84). The opinion is at the low level due to the limited supplying raw materials in the country and mostly imported from abroad, which make the companies have to increase the cost of goods. Next, the level of technology that can support services and production has the average value of ( $\bar{X} = 2.28$ , and S.D = 0.85). This indicated the low level because in the country, it does not exist the potential of the technology development, and mostly it linked and brought to foreign investors.

In terms of skilled personnel, the average value is equal to 2.26, and S.D is equal to 0.82. The giving feedback is low level due to the lack of specialised personnel in the country. Most of experts come from abroad. Experienced personnel who can be consultants with expertise resulted with an average value and standard deviation of  $\bar{X} = 2.18$ , and S.D = 0.88, respectively. The reason why it is low level because it is not possible to provide foreign companies internally due to the limitation of specialists. The commentations giving on the

administrative factor of the province in accordance with the international culture associated with the average value of 2.08, and S.D equals to 0.84. Low result of opinion show that it is caused the internal administration system, which related to the promotion of foreign investment is still linked to the traditional culture. The explanation was that it has not yet been able to adapt to the international system. Convenient roads and connections to countries with an average value and depreciation rate  $\bar{X} = 2.04$ , S.D = 0.84. Foreign entrepreneurs are giving as lowest level of views on issues due to the inadequate capital providing by Party-Government. The opinion on the adaptation to business is quite low level including appropriate land and factory location.

**Results of analysis for external environmental factors on the opportunity:**

The results of the analysis for the external factors on opportunity in Kaysone, Phomvihane and Outhomphone districts were generally at the low level with the average value and standard deviation  $\bar{X} = 1.84$ , S.D = 0.67, respectively. The analyzing for each side found that operators of foreign opinion is almost at low level of satisfaction such as: Government reduces obstructions and opportunities for investors associated with the average and standard deviation of ( $\bar{X} = 1.89$ , SD = 0.75). The reason is that some rules are still not appropriate and not openly enough to attract investment from abroad.

In terms of the opinion on the factors for Party-Government to support and facilitate access to businesses, equal to ( $\bar{X} = 1.84$ , SD = 0.63). This is

**Table 3: Results of analysis for external environmental factors on the opportunity**

Opportunity of Kaysone Phomvihane and Outhomphone districts Opinion level	Level of Opinion		
	$\bar{X}$	S.D	Interpret results
1. Political stability	1.83	0.66	Low level
2. Economic stability	1.81	0.60	Low level
3. Party-Government to support and facilitate business	1.84	0.63	Low level
4. The province has continuously changed and developed its economy	1.81	0.69	Low level
5. The government has reduced barriers and opened up opportunities for investors	1.89	0.75	Low level
<b>Total</b>	<b>1.84</b>	<b>0.67</b>	<b>Low level</b>

Source: From the business interview of Kaysone and Outhomphone districts on 20/05 - 26/07/2019

practically low reality because some units of the government have not facilitated smoothly the system of documents or guidelines to make investors understand the government's policy guidelines. In terms of political stability, the average value and the standard deviation are at the low level such as ( $\bar{X} = 1.83, S.D = 0.66$ ). Although the situation is stable, but the environment of neighboring countries that transit the country is still volatile, which deprives Laos of the opportunity for investors to enter. This reason clearly shows that the continuous change and economic development of the province is still at low level with the value of ( $\bar{X} = 1.81, S.D = 0.69$ ).

For the stability of economy, it can be seen with the average value and standard deviation of ( $\bar{X} = 1.81, S.D = 0.60$ ). The explanation is that the adjustment of the investment related economic development strategy has not been widely publicized or not advertise broadly to outside, allowing investors to have limited access to new sources of information.

**Results of analysis for external environmental factors on challenge:**

The results of the data analysis on the challenge of Kaysone, Phomvihane and Outhomphone districts show that: Foreign entrepreneurs have a weak opinion on aspects such as laws and regulations are still unfavorable. It could conclude that the average value and the standard deviation of opinion are ( $\bar{X} = 2.32, S.D = 0.92$ ). This is because some articles of investment law are not yet qualified and not yet in line with foreign investment. In terms of measures and barriers to non-tariff on importers and exporters,

the opinion associate with the average and standard deviation of ( $\bar{X} = 2.23, S.D = 0.86$ ). This is at low level due to the system for providing quality inspection services for goods, the priority of import-export quota has not yet reached the standard or there are many standards, which is an obstacle to the decision to attract foreign investment. Skill comments, such as those of management and technicians have average and standard deviation of ( $\bar{X} = 1.93, S.D = 0.73$ ). These are at a low level due to the domestic production of skilled and professional personnel to meet the needs of foreign investors is still insufficient and still short of human resources. In the Lao PDR market segment, there is small size and low purchasing power, the regulations and financial system are still ineffective, the transportation system and infrastructure development are not yet adequately responsive to foreign entrepreneurs.

The results of the analysis for the readiness and nature of the relocation of business branches of foreign enterprises to do business in Kaysone Phomvihane and Outhomphone district, Savannakhet Province.

**Readiness**

According to the results of the study, the Table 5 indicated that before moving the business to invest in any foreign country, most investors have the opinion of market readiness as the first priority, of which investors accounted for 22.22%. The reason shown that if the company's marketing base is strong, it will increase the capacity and enable the business to generate the benefit of

**Table 4: Analysis for external environmental factors on challenge**

Provincial Obstacles	Opinion Level		
	$\bar{X}$	S.D	Interpret results
1. Infrastructure development has not been adequately addressed	1.75	0.66	Not important
2. The Lao PDR market is small and the purchasing power	1.92	0.71	Low level
3. Law and rules have not yet been introduced	2.32	0.92	Low level
4. There are also non-tariff measures and barriers to importers	2.23	0.86	Low level
5. Principles and regulations of the financial system are not yet effective	1.89	0.77	Low level
6. Skills Management and Technician	1.93	0.73	Low level
7. Transportation system	1.89	0.70	Low level
<b>Total</b>	<b>1.99</b>	<b>0.76</b>	<b>Low level</b>

Source: From the business interview of Kaysone and Outhomphone districts on 20/05 - 26/07/2019

**Table 5: The readiness to relocate the business base**

Readiness	Number of enterprises	percentage (%)
Technology	22	20.37
Marketing	24	22.22
capital	16	14.81
Technical	12	11.11
Investment Information	11	10.19
Labor	23	21.30
<b>Total</b>	<b>108</b>	<b>100</b>

Source: From the business interview of Kaysone and Outhomphone districts on 20/05 - 26/07/2019

profit and can help society more. The second priority is the availability of labor readiness accounting for 21.30%, which is one of the factors to strengthen business in terms of quality and capacity standard of production. Next, it should be followed by technology, capital, technical and informations concerning to the investment, respectively because these components are an integral part of any business drive to grow stronger.

**The nature of business relocation**

The results of the study found that executives majority opinion on the business relocation to Kaysone Phomvihabe District and to Outhomphone District is to increase the business and moved only for the sector of production as a percentage 35.19%, because the business has a certain market in each country. This is one of the reasons why the

**Table 6: The nature data of relocation to Kaysone Phomvihabe District and to Outhomphone District**

Nature of relocation	Number of enterprises	(%)
Increase Business Base	38	35.19
Move to Production Only	38	35.19
Representative Branch	24	22.22
Moving for all businesses	8	7.41
<b>Total</b>	<b>108</b>	<b>100</b>

Source: From the business interview of Kaysone and Outhomphone districts on 20/05 - 26/07/2019

production base is closer to the target market in order to build confidence more competitive among international competitors. Nex to the above nature of business relocation, it was followed by the expansion of the branch agency, which accounted for 22.22%. The reason is to diversify the product closer to the international target customers to reach and continue the business. As for the nature of the whole business relocation accounted for 7.41%, which found that there is still small number of companies because the original business has a saturation point in the market. In case if they want to move, their purpose is to find only the new markets abroad.

**Results of analysis of trends and causes of relocation of foreign enterprises' business base to other countries**

**Future business relocation trends**

The result of the study from Table 7 found firstly that businesses are not likely to be moved from Savannakhet Provincial industrial sites and will continue to maintain business as accounted for 56.48%. The reason is due to the fundamental factors of the location of the business is appropriate and the host country provides investment privileges, import-export goods and investment facilitation. For second result, if they do to move, it will move to Asia with 28.7%, because most of which foreign businesses have a customers base in Asia and due to the high purchasing power of markets in some Asian countries. As for the relocation of business to their home country, accounting for 14.81%, the reason is that some companies that have expanded their business to other countries are only partially, but the parent company is still in the country origin. In some cases, the business might have encountered problems or can not compete with competitors, therefore the companies need to move back to their home country.

**The destination countries where the companies will move to do business**

The results of the study found that investors business mainly to move the business to India, China, Switzerland as a percentage of 35.19%. It could be said that some countries that come to invest in Savannakhet Provincial have parent companies with the purchasing power or main target market primarily in these above mentioned countries. There is 19.44% to be moved to Malaysia because

**Table 7: Information about future business relocation plans**

Future business relocation plan	Number of enterprises	Percentage (%)
Continue the business base In Savannakhet Province	61	56.48
Moved to Asian Countries	31	28.70
Relocating Home Business base	16	14.81
<b>Total</b>	<b>108</b>	<b>100</b>

Source: From the business interview of Kaysone and Outhomphone districts on 20/05 - 26/07/2019

some companies have sources of raw materials in Malaysia and they have a certain market. Moving to Indonesia, Thailand, Vietnam and Cambodia is due to the fact that these countries have convenient transportation and there is an adjacent sea, which saves costs and low risk of shipping.

**Analyzing data of the reasons for wanting to move to invest in another country**

The study found that the reason to move to invest in another countries is because the need to open the new market accounted for 30.56%, according to the requirement of customers accounted for 25.00%, geographical location is suitable for 12.96%, cheap raw materials accounted for 10.19%, low wages as a percentage of 8.3%, near the raw material source accounted for 7.3%, and reduced the risk of natural disasters accounted for 5.56%.

**4. Data Analysis**

The results of the analysis for the strengths shown that: Foreign entrepreneurs have opinions on the low level, such as low electricity tariffs, low water supply and low international roads ( $\bar{X} = 2.32$ , S.D = 0.94). Land lease policy, on the other hand, was found to be at a low level with a mean and deviation value of ( $\bar{X} = 2.32$ , S.D = 0.92) as the land allocation system in each area was not yet suitable for foreign investment. Analysis policy special tax - tax is at least average and volatility ( $\bar{X} = 2.27$ , S.D = 0.95) which causes the system to provide documents from authorities because the using or applying rules is not adequate, and not inconsistent with tax laws in order to promote investment and there was abuse of any of the investors. The systems approving documents were inconveniently

**Table 8: The destination countries where the companies will move to do business**

The destination countries where the companies will move to do business	Number of Enterprises	Percentage (%)
Indonesia	19	17.59
Vietnam	10	9.26
Thailand	16	14.81
Malaysia	21	19.44
Cambodia	4	3.70
Others (India, China, Switzerland)	38	35.19
<b>Total</b>	<b>108</b>	<b>100</b>

Source: From the business interview of Kaysone and Outhomphone districts on 20/05 - 26/07/2019

**Table 9: The reasons for wanting to invest in another country**

Enterprise size	Number of enterprises	Percentage (%)
Want to open a new market	33	30.56
Low wages	9	8.33
According to the requirement of customers	27	25.00
Near the source of raw materials	8	7.41
Cheap raw materials	11	10.19
Reduce the risk of natural disasters	6	5.56
Geographical location	14	12.96
<b>Total</b>	<b>108</b>	<b>100</b>

Source: From the business interview of Kaysone and Outhomphone districts on 20/05 - 26/07/2019

and not quickly by average and S.D ( $\bar{X} = 2.20$ , S.D = 0.86). The reason is that Unit of sections of the reluctance among service sectors are complicated and took long time for the operation of documents. This was consistent with Articles glass SAYALATH (2010) reported attraction of direct investment abroad.



The results of the analysis of the internal environmental factors for the weak points of Kaysone Phomvihane and Outhomphone districts found that: Telecommunication and Internet system are equally satisfied to the average value and standard deviation value of ( $\bar{X} = 2.45$ , S.D = 0.95). It means that they are at a low level because the internet network system has not yet reached the speed requirement limit and high value. The factor of proximity to raw materials and adequate enterprise response at the mean and standard deviation value of ( $\bar{X} = 2.31$ , S.D = 0.84). This is at the low level due to the limited supply of raw materials available in the country and mostly imported from abroad, which makes the company have to increase the cost of goods. Among them, the level of technology that can support services and production has an average value of ( $\bar{X} = 2.28$ , S.D = 0.85). This is also low because the country does not have the potential of the technology system, most are linked and brought from foreign investors, thus leading to the limited use of technology and lack of domestic researchers. In terms of skilled personnel, the average value ( $\bar{X} = 2.26$ , S.D = 0.82) is at the low level. It can give the reason that the human resources availability in the country are not appropriately skilled, there is a certain level of skill in the forefront but there are still limited numbers, and then most of which are imported mainly from abroad without going through training. Knowledgeable and experienced personnel to be consultants for companies associate with average value and standard deviation of ( $\bar{X} = 2.18$ , S.D = 0.88). This is a factor, which is one among the reasons why it is not possible to provide foreign companies with the right skills (Kritaphone Savapha, 2013).

Analysis of external factors on the opportunity of the city Kaysone Phomvihane and city Uthumphon found that the average and standard deviation for entrepreneurs of foreign opinion such as government reduces obstructions and occasions for investors are about ( $\bar{X} = 1.89$ , SD = 0.75). It is less reason because some rules are still not appropriate and not open enough to attract investment from abroad. For the factors of Party-Government support and facilitate access to business are around ( $\bar{X} = 1.84$ , SD = 0.63), it is at least practical reality. This is caused that some units

of the Party and Government has not yet facilitate easy system documentation or recommendations for making investors to understand the way that government plans to do. In terms of political stability, the average value is at a low level such as ( $\bar{X} = 1.83$ , S.D = 0.66).

The results of the data analysis on the challenge of Kaysone, Phomvihane and Outhomphone districts showed that: Foreign entrepreneurs have a weak opinion on the following aspects, such as: Laws and regulations are not yet conducive ( $\bar{X} = 2.32$ , S.D = 0.92). Measures and barriers to non-tariffs on importers (value = 2.23, S.D = 0.86) are at a low level due to the system for providing quality inspection services for goods, prioritizing import-export quotas is not yet standardized or there are many standards for foreign investment. The skills of management and technicians have the average value and the standard deviation ( $\bar{X} = 1.93$ , S.D = 0.73) is in the low level due to the inadequate production of skilled personnel for foreign investors and the lack of skilled personnel in the country.

Readiness to move businesses to invest in any foreign countries for preparing the market is the integration of the first priority. The investors had commented on the market with a percentage of 22.22%. The reasons are that if the marketing of companies is stable, businesses could be increased, and production can benefit profit more for helping society. The availability of labor follows with a percentage of 21.30%, which is one factor to strengthen businesses that can take advantage of the quality and standards of production. Characteristics of the moving place of business is to increase the business level and the moving of sector production attempt the percentage of 35.19%. It means that business marketing course in each country, which is one reason to make the production closer to the target market to build confidence to the market is more able to compete with competitors in the country, followed by expanding the branch selling agency is at the percentage of 22.22%. The reason is to meet the product to target customers between the general and continuous manner. The moving for all business is at the percentage of 7.41%, which showed that the moving for all mentioned

business is still less rationalistic from businesses beginning with a saturated market and the finding of new markets abroad was consistent with Article Committee Management Institute Technology of Japan - Thailand (2011) concerning to the trend of moving business company of Japan to Thailand.

Trend not to move businesses from Savannakhet provincial industrial sites is calculated at the percentage of 56.48%. The reason is to be explained that there are reasonable factors to maintain the area businesses, and the host country is quite appropriate. Imports and Exports of goods well balance the investment. In case if they need to move, they prefer to settle the business into another parts of Asia with the percentage of 28.70% because the purchasing power of the market mainly comes from Asian countries, and the relocating back the businesses to the home country reach the percentage of 14.81%. It means that some companies expand business to overseas only for some sectors, but the parent company is in home country in case of business problems or on case if they could not compete with oversea competitors. We could find that the investors mostly choose to invest in India, China, Switzerland as a percentage of 35.19%. The possibility for moving to Malaysia is at about 19.44%, and the moving to India, Indonesia, Thailand, Vietnam and moved to Cambodia attempt 30.56%. The reason for choosing to invest in above mentioned countries is because they want to open new markets as a percentage of 30.56%, and according to the client around 25.00%. The appropriateness for geographical location accounted for 12.96%, raw material prices are calculated as 10.19%, low wages fall as a percentage of 8.33%, location for production closes to the source material is about 7.41%. Finally, the natural disaster risk reduction is accurate and consistent with the guidelines for relocating labor-intensive manufacturing bases to neighboring countries (Thailand Development Research Institute, 2013)

### **5. Conclusion**

In case of the strength analysis for the environmental factors in Kaysone, Phomvihane and Outhomphone districts, foreign entrepreneurs response that infrastructure, low electricity bills, water supply and international access roads, and land lease policy have the satisfaction with an

average of 2.32. As for the weaknesses of the city and the district of Outhomphone, foreign entrepreneurs commented that the telecommunication system and the Internet, the technology supporting services and production, and the lack of skilled personnel reach at the average value of 2.45. For the case of challenge, business foreigners satisfied that the Party and Government had reduced obstructions or obstacles and gave opportunities for investors to support and facilitate access to entrepreneur. For examples: in the past, we could see that there were some obstacles in the application of laws and regulations. There are also non-tariff measures and barriers to importers, administrative skills and technicians, and the Lao PDR market is small and purchasing power is still low.

The readiness of foreign entrepreneurs before relocating the business to abroad is to be ready in terms of marketing, labor and technology. In case of relocating businesses to Kaysone, Phomvihane and Outhomphone, the nature is to focus on production and increase business base, to expand the market and so on.

In terms of future business relocation plans, most of the opinions are that they decided not to relocate, and will continue to maintain the business in Savannakhet, but if they do, they will relocate to China, Malaysia, Indonesia, Vietnam and so on. The reason for wanting to move to invest in other countries is because of the need to open markets, geographical location, cheap raw materials.

### **6. Recommendations**

1. In order to be ready to support foreign businesses, the Party and Government should develop all kinds of workers with the supporting of knowledge, ability and high-quality labor to provide labor for foreigners who come to do business in Savannakhet Province because the local skills are not yet standardized by foreign companies.

2. The Party-Government should create confidence in the administration of various departments in terms of services, investment promotion, and increase the policy system in the process of approving documents for foreign businesses to expedite.

3. Departments related to investment and increase the capacity to provide services by heart is

important to build trust and not cause the relocation of production bases in the short and long term.

4. The Party-Government should encourage more joint ventures between local businesses and foreign businesses so that local businesses have the opportunity to learn production technology and management, as well as open opportunities for students to study with foreign companies.

5. The government should reduce barriers to

international trade, which can attract foreign investment.

6. The government should have a thorough study and research on the area that will accommodate foreign businesses to invest in each district and upgrade the expertise, expertise in the provision of services, build good researchers to be ready in all aspects of foreign investment and create confidence for foreign investors to move abroad ■

### ***Conflict of Interest***

***We certify that there is no conflict of interest with any financial organization regarding the material discussed in the manuscript.***

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**CÁC NHÂN TỐ MÔI TRƯỜNG VÀ XU HƯỚNG TRONG VIỆC  
DI DỜI HOẠT ĐỘNG KINH DOANH CỦA CÁC DOANH NGHIỆP  
NƯỚC NGOÀI TẠI TỈNH SAVANNAKHET, LÀO:  
NGHIÊN CỨU TẠI THÀNH PHỐ KAISONE PHOMVIHAN  
VÀ HUYỆN OUTHOMPHONE**

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Bộ môn Thương mại, Khoa Quản trị kinh doanh, Đại học Savannakhet

**TÓM TẮT:**

Nghiên cứu này nhằm tìm hiểu về các yếu tố môi trường và xu hướng trong việc di dời cơ sở kinh doanh của các doanh nghiệp nước ngoài tại tỉnh Savannakhet (Lào) theo các nhóm nội dung sau: môi trường (SWOT) của thành phố Kaysone Phomvihane, sự sẵn sàng di dời cơ sở kinh doanh, và xu hướng cũng như nguyên nhân của việc di dời cơ sở kinh doanh. Nhóm mẫu được sử dụng trong nghiên cứu này gồm 126 doanh nghiệp nước ngoài hoạt động tại quận Kaysone, Phomvihane và Outhomphone. Nghiên cứu đã sử dụng bảng câu hỏi và phương pháp thống kê mô tả để tìm các giá trị thống kê ảnh hưởng đến các yếu tố môi trường và xu hướng di chuyển cơ sở kinh doanh của các doanh nghiệp nước ngoài. Kết quả nghiên cứu cho thấy việc di chuyển cơ sở kinh doanh của doanh nghiệp nước ngoài là do quốc gia đến có sức hấp dẫn đối với hoạt động đầu tư, hoạt động xúc tiến thương mại, các chính sách và quy định và khả năng đàm phán thị trường cho doanh nghiệp.

**Từ khóa:** SWOT, doanh nhân, sự sẵn sàng, di dời.