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**Strategies for Business Development of Consulting Companies in
the Lao People's Democratic Republic**

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Independent Study title: Strategies for Business Development of Consulting

Companies in the Lao People's Democratic Republic

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Abstract

The objectives of the study were: (1) to study the level of strategic directions performance achieved by the consulting companies in the Lao PDR; (2) to study the level of value creation performance achieved by the consulting companies; (3) to compare the company profile data towards the value creation of the consulting companies; (4) to study relationship between strategic directions and value creation factors of the consulting companies; (5) to propose suggestions towards business development for the consulting companies in the Lao PDR.

The target population of the research was 61 consulting companies and the Yamane's formula was used as sampling technique to draw 53 companies, thus used the simple sampling technique to determine the needed samples. The data obtained by the questionnaires were analyzed by using frequency, percentage, mean, standard deviation, t-test, ANOVA and Pearson Correlation.

The results obtained from this research showed that (1) the overall levels of the strategic directions achieved by the consulting companies in the Lao PDR were in the high performance. The consulting companies used most of the strategic levels for their business development. (2) The overall levels of value creation achieved by the consulting companies were in the high performance level. (3) There was no difference noted between company profiles towards the value creation factors at the significant level 0.05, but the value creation achieved by companies registered under joint-venture and were managed by the Lao and foreign nationalities were at very high performance level. (4) The research had also shown the moderate positive relationships between quality, efficiency, innovation, customer responsiveness and corporate-, business-, functional strategies at significant level of 0.01. (5) The consulting companies need efficient and potential support from the government and international agencies working in the Lao PDR for reaching internationally recognized quality standards.

Keywords: Strategies for business development, Consulting Companies,

Lao People's Democratic Republic

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Chapter 1

Introduction

1.1 Introduction and Problem Statement

In recent years, business consulting services have become a necessity for companies to obtain the right business orientation and survive against increasingly competitive advantages. Business consulting services can help the companies of clients to take the appropriate steps in the right direction in order to increase efficiency and revenue. One of their main jobs is to provide advisory services to assist senior management in improving the effectiveness of corporate strategies, refining process or operations control by assessing business needs and reviewing business functions, plans and directions. Another important part is to work with the aim of empowering their clients with a significant competitive advantage (PRLog Jun, 2008).

The Lao People's Democratic Republic (Lao PDR), in short "Laos" with a land area of 236,800 square kilometres and 5.6 million population, is one of the poorest countries in the region in terms of an estimated GDP per capita of US\$ 736 in 2007 (ASEAN Secretariat Statistic of 30 April 2008).

Starting in 1996 when the 6th Party Congress defined the long-term development objective for freeing the country from the status of least-developed country (LDC) by 2020, the Government of Lao PDR (GoL) has been implementing a market-oriented economic reform policy. The major objective of this reform policy was to promote and encourage private national and foreign investors to invest in commodity production in order to replace imports and contribute to the development and expansion to internal and external markets. At the same time the extent of Overseas Development Assistance (ODA) has been increasing in many sectors, particularly in public sector development.

Along with this open door policy, a strategic framework for GoL development plans and programs, called "National Growth and Poverty Eradication Strategies" (NGPES 2004) was adopted in 2004 to improve the quality of life of its citizens and

to eradicate poverty predominating in rural areas where nearly 80 percent of the population were and still are living. The NGPES has since been translated into the National Socio-Economic Development Plan (NSEDP). The goal of the current NSEDP 2006 – 2010 is the increase of GDP through sustainable economic growth by 7.5 - 8% annually and reducing the level of poverty significantly in the period 2006-2010 (Committee for Planning and Investment 2006).

In order to achieve the goals of the above-mentioned country strategic framework (NGPES) it is necessary to provide services in science and technology, to protect intellectual property rights, and provide consulting services to serve the businesses, ODA and others (NSEDP 2006-2010).

In connection with the market-oriented economic reform policy and NGPES, the number of registered enterprises nationwide increased from 77,651 (2004-2005) to 121,691 (Tax Department, Ministry of Finance – Enterprise survey 2007), the number of projects by Direct Foreign Investment from the year 2000 through 2008 is 1072 projects (Department for Promotion and Management of Domestic and Foreign Investment (DDFI), Ministry of Planning and Investment (MPI) and the number of projects funded by ODA and NGOs from the year 2008 to 2009 is 426 projects (Department of International Cooperation, MPI).

With this new economic environment arose a strong demand for expertise in the fields of foundation, organization, structure, and successful operation of newly established companies. Consequently, the number of consulting companies is increasing. Up to now the total number of registered consulting companies nationwide amount to 61 companies (Lao PDR Yellow Pages - Official Laos Business Directory 2009 and registered at the Ministry of Industry and Commerce (MOIC).

As there is very limited research done in this field in Laos, the results generated by this study would provide better directions for the consulting companies in the Lao PDR for their future business development strategies to create competitive advantages and continuing growths.

1.2 Research questions

The researcher aims to answer the following questions:

1. How is the level of strategic directions performance achieved by the consulting companies in the Lao PDR?
2. How is the level of value creation performance achieved by the consulting companies in the Lao PDR?
3. How is different the company profile data towards the value creation of the consulting companies in the Lao PDR?
4. Are there any relationship between strategic directions and value creation factors of the consulting companies in the Lao PDR?
5. What should be suggestions for the consulting companies to develop their business in the Lao PDR?

1.3 Objectives of the study

The objectives of this research are as follows:

1. To study the level of strategic directions performance achieved by the consulting companies in the Lao PDR;
2. To study the level of value creation performance achieved by the consulting companies in the Lao PDR;
3. To compare the company profile data towards the value creation of the consulting companies in the Lao PDR;
4. To study relationship between strategic directions and value creation factors of the consulting companies in the Lao PDR;
5. To propose suggestions towards business development for the consulting companies in the Lao PDR.

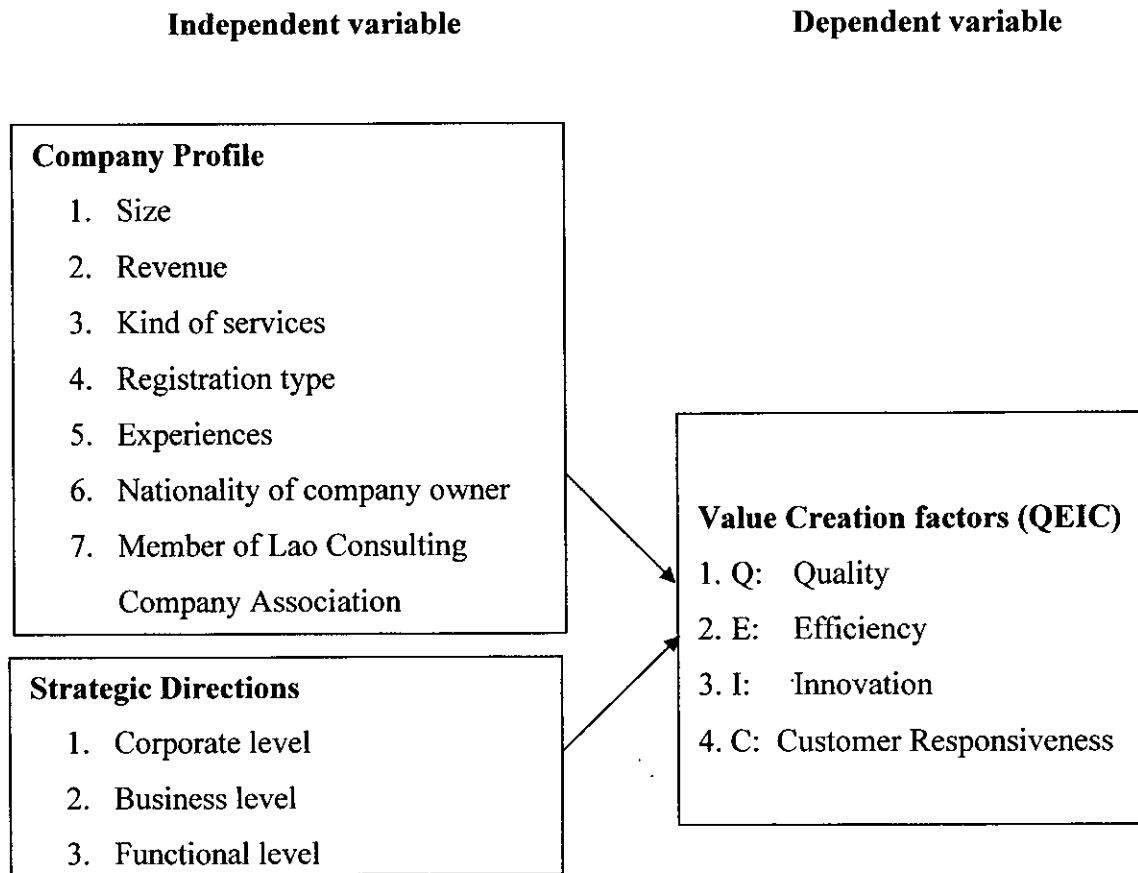
1.4 Scope and Limits of the study

This research appraised the consulting company's business development to determine that their value creation is dependent on their company profile and strategic directions. The study will concentrate on consulting companies that are members as well as non-members of the Lao Consulting Companies Association in the Lao PDR, particularly in the Capital City of Vientiane. This research was conducted between August and October 2009.

The limitations of this study are (1) difficulty to access respondents, since all respondents were busy directors and managers of consulting companies and they have time constraints and workloads, thus leading to difficulties in obtaining the information from them on time. (2) Time constraint is the major limitation for this research, thus the researcher cannot collect all the questionnaires by personal contacts so that the received information could be more effectively evaluated; (3) Due to the long distance between Bangkok (Adviser) – Vientiane (Researcher), it was difficult to get the advices and recommendations from adviser by face to face in order to collect the research quickly and correctly.

1.5 Conceptual framework

The diagram below indicates the conceptual framework of this study. The consulting companies will create their value based on the company profile and selected strategic directions. The value includes Quality, Efficiency, Innovation and Customer responsiveness. The company profile is classified by size, revenue, kind of services, registration type, experiences, nationality of company owner, membership in Lao Consulting Company Association. The strategic directions include corporate level strategies, business level strategies, and functional level strategies.



1.6 Hypothesis

The following hypothesis has been established and will be verified:

1. There exists a difference between company profiles with respect to value creation factors.
2. There exists a relationship between strategic directions and value creation factors

1.7 Definition of Terms

There are several conceptual definitions related to this study such as consulting companies, consultants, business development, strategies, corporate level strategies, business level strategies, functional level strategies, services, value creation, quality, efficiency, innovation, customer responsiveness and customers.

Consulting Companies: Companies in the Lao PDR, particularly in Vientiane Capital that are providing consulting services can be allocated to 3 revenue and employee -based groups, i.e. companies having an annual revenue of less than 400 million kip and number of employee less than 19 persons (small), or less than 1.000 million Kip and number of employee between 20-99 (medium) or more than 1.000 million Kip and more than 99 persons (large).

Consultants: Company experts (employed) or freelance expert that provide the services to customers on behalf of the consulting companies in the Lao PDR.

Business development: Business of the Consulting Companies in the Lao PDR, particularly in Vientiane Capital, develop their different competitive advantages of services and orientation through suitable and flexible strategies in order to meet their customer demands as closely as possible.

Strategies: A set of integration activities and coordination of resource commitments and designed actions to use core competencies and gain competitive advantage.

Corporate level Strategies: To achieve consulting company's corporate goals and strategies by maximizing resource productivity.

Business level Strategies: To develop and sustain a distinctive competence to provide consulting company's competitive advantage.

Functional level Strategies: A plan of action to strengthen consulting company's functions and resources, as well as its coordination abilities, in order to create core competencies (value creation).

Services: Service production and creation provided by consulting companies in the Lao PDR to their clients are directed and designed to create and capture value.

Value Creation: Performing activities that increase the value of services to customers.

Quality: The services and delivery processes of the consulting companies in the Lao PDR are tailored in a way to conform as far as possible to the perceptions and expectations of their customers.

Efficiency: Making the necessary preparations so that services of consulting companies to their customers are timely, efficient and productive.

Innovation: The consulting companies improve their service quality standards through continuous training, learning, evaluating and developing procedures.

Customer responsiveness: The consulting companies design their services in response to their customer's expectations and with the definite aim to create their satisfaction.

Customers: The customers who use the services of consulting companies are government agencies, International Organizations, Lao as well as foreign companies and other organizations operating in the Lao PDR.

1.8 Expected benefits of the study

This study is expected to provide potential benefits for business development of the consulting companies in the Lao PDR as following:

1. They can identify the level of strategic directions and value creation performance achieved by the consulting companies in the Lao PDR;
3. They can get the ideas of consulting companies and how they apply the strategic directions to create their firm value;
4. They can understand more on their current business situation and can provide their services with much more focused strategies to response effectively to their customer demands in the Lao PDR, at the same time to create values and gain sustainable competitive advantages in the markets and to comply with international standards.
5. The study will contribute to the informational database on the Lao consulting markets and it will be beneficial for researchers in the future studies in the Lao PDR.

1.9 Organization of the study

This study report consists of five chapters. The first chapter illustrates the background, objectives of the study, and identifies the research problems. The second chapter describes results of the literature review, references as the research tool for the

objectives and data collection. The third chapter presents the methodology of the study. The fourth chapter presents the results of data analysis. The fifth chapter comprises conclusion, discussion and recommendations.

Chapter 2

Literature Review

This chapter presents an overview of literatures relevant to the study as basis for the thesis. It comprises the following theories, concepts and previous studies:

2.1 Strategic Management Model and Principles

2.2 Consulting Business Model

2.3 Customer Satisfaction Model

2.4 Current economic development and consulting companies in the Lao

PDR

2.5 Previous related studies

2.1 Strategic Management Model/Principle

Henry Mintzberg and James Brian Quinn (1996:10-15) define strategies by the five Ps: plan, ploy, pattern, position, and perspective. According to these views, strategies acts as follows:

1. As a *plan*, as "how," the means of getting from here to there.
2. As a plan, strategies can be a *ploy*; too, e.g. really just a specific movement intended to outwit a competitor.
3. As a *pattern* in a stream of actions
4. As a *position*, that is, it reflects decisions to offer particular products or services in particular markets.
5. A *perspective*, that is, a vision, mission and direction to get a certain position through a comprehensive action plan.

As a practical matter, strategies evolve over time as intentions accommodate reality. Thus, one starts with a given perspective, concludes that it calls for a certain position, and sets about achieving it by way of a carefully crafted plan. Over time, things change. A pattern of decisions and actions marks the movement from starting point to goal.

The strategic management process can be studied and applied using a model, called “*comprehensive model of strategic management process*”. The model shown in the figure 2.1 below does not guarantee success, but it does represent a clear and practical approach for formulating, implementing, and evaluating strategies (Fred R. David, 2001). The figure also shows the three phases of Formulation, Implementation, and Evaluation as well as the external Feedback affecting the process.

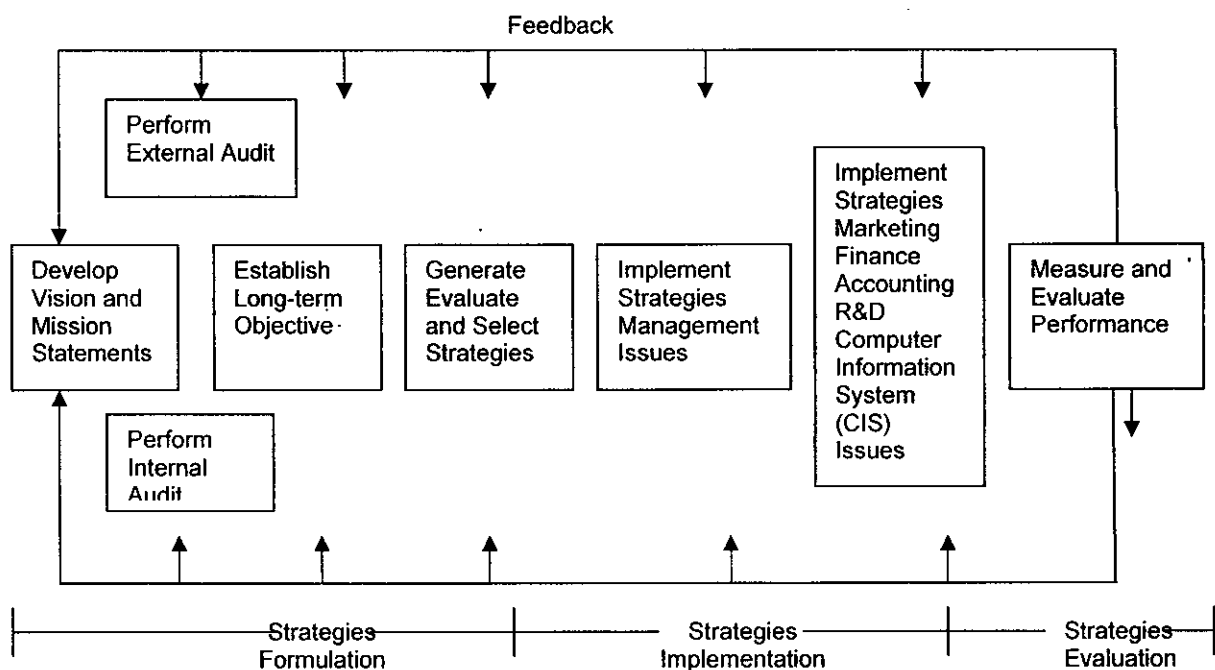


Figure 2. 1 Comprehensive model of strategic management process

Source: Fred R. David (2001:13)

Gregory and Team (2003:9) define strategic management as *consisting of analysis, decision, and actions an organization undertakes in order to create and sustain competitive advantages*.

This definition leads to three ongoing strategic management processes: The first is concerned with the *analysis* of strategic goals such as corporate theme (vision, mission, objectives, value, and policy), corporate governance and positioning,

along with the analysis of the internal and external environment (Strengths, Weaknesses, Opportunities and Threats –SWOT analysis) of the organization. Second, leaders must take a strategic *decision* on what and how the companies shall compete in order to create competitive advantages in the marketplace and, last, which are the *actions* that the companies must take in order to implement their strategies.

Hitt, Ireland and Hoskisson (2003) by studying the external environment, conclude that firms identify “what they might choose to do”, by studying the internal environment, in which firms determine “what they can do”. Hitt argued also that the strategic management process is concerned largely with understanding the characteristics of the industry in which the firm competes and, in light of those characteristics, determine how the firm should position itself comparative to competitors. This emphasis on industry characteristics and competitive strategies may have understated the role of the firm’s resources and capabilities in developing competitive advantage.

Hitt claims the following: Value Creation is measured by a product’s performance characteristics and by its attributes for which customers are willing to pay.

To use core competencies, to gain competitive advantage, and to create value, the leaders are required to allocate the necessary resources and to design the organization adequately (Gregory and Team 2003). The process of creating value and competitive advantage is illustrated in figure 2.2 below

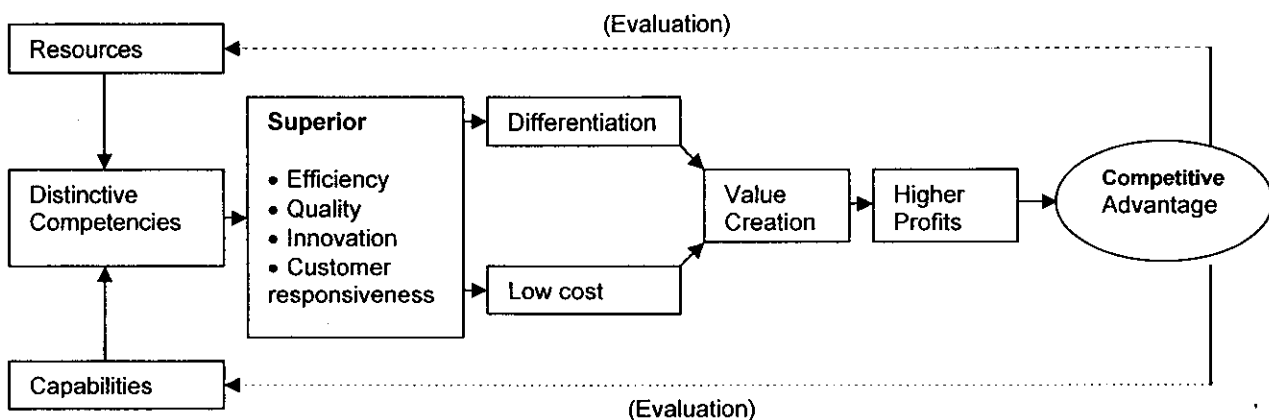


Figure 2. 2 Steps of business value creation and creating competitive advantages

Hitt, Ireland and Hoskission (2003:81) further illustrated that resources, capabilities, and core competencies (superior quality, efficiency, innovation and customer responsiveness) are the characteristics that build the foundation of competitive advantage. Resources are the sources of the company's capabilities and capabilities are the source of the company's core competencies. The consulting company's intangible resources are human, innovation, and reputation resources.

The knowledge and skills of the company's employees, and often, its functional experts, build a basis for many capabilities. The combination of resources and capabilities needs to be managed to create competencies. Core competencies lead to the development of core products/services and as the source of competitive advantage.

(Quick MBA / Strategies) Strategies for business development can be formulated on three different levels such as:

- **Corporate level Strategies:**

Company managers are responsible for creating value through their businesses, ensuring that the businesses are successful over the long-term, developing business units. The Corporate strategies direction consists of the following:

(1) Growth strategies can be described according to Henry Mintzberg and James Brian Quinn (1996:83), in 1965. Igor Ansoff proposed a matrix of four strategies which became quite well known. This matrix of alternative corporate growth strategies focused on the firm's present and potential products and markets (customers).

Figure 2.3 below considers the ways to grow via existing products and new products, and, in existing markets and new markets, there are four possible product-market combinations, penetration, product development, market development, and diversification (*QuickMBA / Strategies / Ansoff Matrix*).

Ansoff Matrix

	Existing Products	New Products
Existing Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

Figure 2. 3 Ansoff's matrix- alternative corporate growth strategies

Source: QuickMBA / Strategies / Ansoff Matrix

Besides Ansoff's matrix of four strategies, the companies can achieve growth through vertical integration – forward or downstream, backward or upstream, horizontal integration or related diversification, conglomerate or unrelated diversification, acquisition, merger, strategic alliances and joint ventures.

(2) Stability strategies, the businesses are stable or in other word wait and see

(3) Retrenchment strategies, the business fails and it can be cutback and turnaround, divestment or liquidation.

- **Business level strategies:**

A strategic business unit may be a division, product line, or other profit center that can be planned independently from the other business units of the firm (Quick MBA).

Henry Mintzberg and James Brian Quinn (1996:83) report that Michael Porter (1980) introduced what became the best-known list of “generic strategies” in the business level strategies: Cost leadership, differentiation, and focus. The determinants of the company's profitability are the attractiveness of the industry in which it operates and its position within that industry. Even though an industry may have below-average profitability, a firm that is optimally positioned can generate superior returns. Porter argued that sustainable competitive advantage is possible only through performing activities different from rivals or performing similar activities in different ways. Porter recognized two basic types of competitive advantage: cost advantage and

differentiation advantage. “A competitive advantage exists when the company is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Consequently, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself”. Figure 2.4 illustrates Porter's generic strategies (business level strategies):

Porter's Generic Strategies.

<i>Target Scope</i>	<i>Competitive Advantage</i>	
	Low Cost	Product Uniqueness
Broad (Industry Wide)	Cost Leadership Strategies	Differentiation Strategies
Narrow (Market Segment)	Focus Strategies (low cost)	Focus Strategies (differentiation)

Figure 2. 4 Porter's generic strategies

Source: Quick MBA / Strategies Porter's Generic Strategies

Hitt, Ireland and Hoskission (2003) confirmed that value is created by a product's low cost, by its highly differentiated features, or by a combination of low cost and high differentiation compared to competitors' offerings.

- **Functional level strategies:**

“The functional level of the company is the level of the operating divisions and departments. The strategic issues at the functional level are related to business processes and the value chain, Figure 2.5 illustrates Porter's subdividing a generic value chain. Functional level strategies in marketing, finance, operations, human resources, and R&D involve the development and coordination of resources through which business unit level strategies can be executed efficiently and effectively” (Quick MBA).

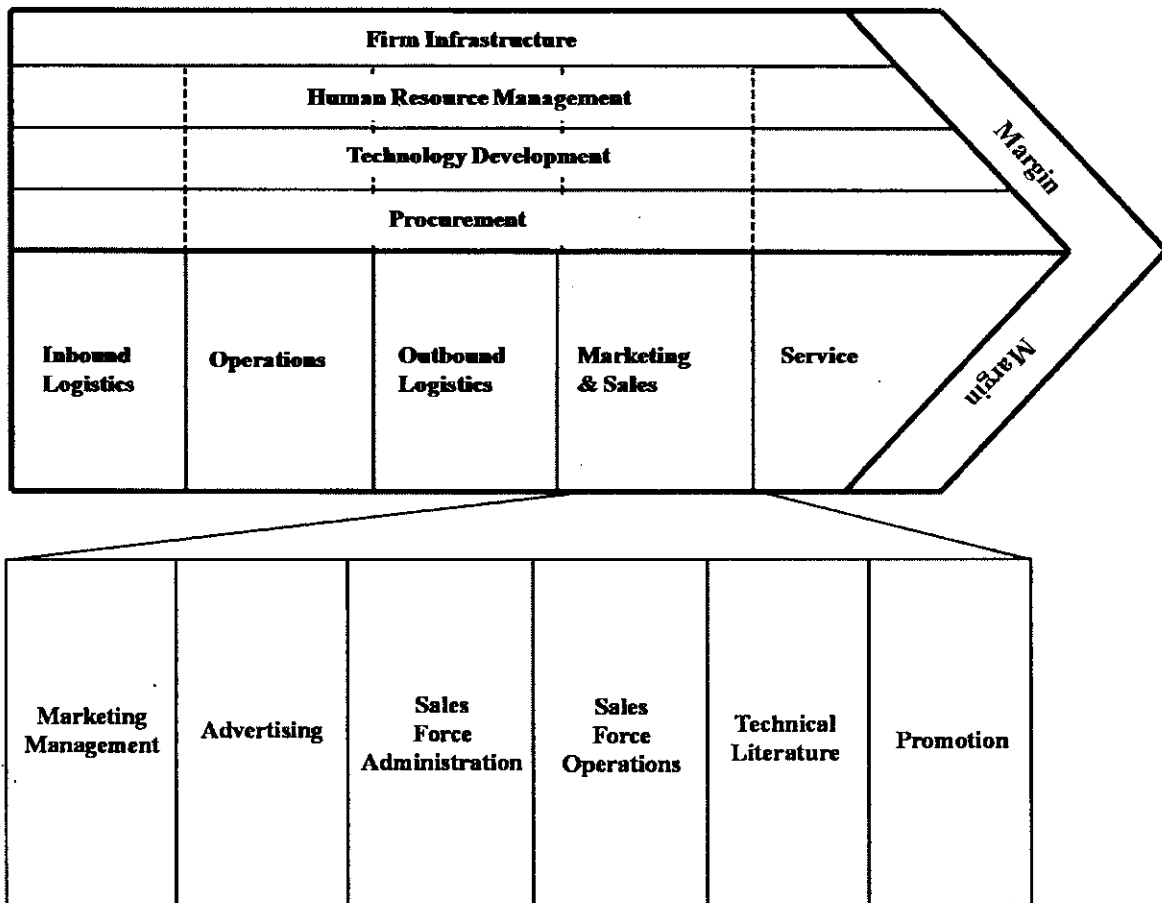


Figure 2. 5 Porter's subdividing a generic value chain

Source: STOU Study book, 32712, Unit 6

The value chain displays total value, and consists of value activities and margin. Value activities are the physical and technological distinct activities of a firm. Margin is the difference between total value and the collective cost of performing the value activities. Value activities can be divided into two broad types: primary activities and support activities. Primary activities are those involved in the physical creation of the product, its sales, and its transfer to the buyer as well as after-sales assistance. In any firm, primary activities can be divided into five generic categories shown in Fig.2. 5. Support activities assist the primary activities by providing purchased inputs, technology, human resources and firm-wide functions. The dotted lines in Fig.2. 5 reflect the fact that procurement, technology development and human resource management can be associated with specific primary activities as well as support the entire chain.

Firm infrastructure is not associated with a particular primary activity, but supports the entire chain.

Functional units of the company are involved in higher level strategies by providing input into the business level and corporate level strategies, such as providing information on resources and capabilities on which the higher level strategies can be based on. Once the higher-level strategies is developed, the functional units translate it into action-plans that each department or division must attain for the strategies to gain success (Quick MBA).

By looking at **Value Creation** from the consultancy business perspective the researchers see that in order to create value the company shall create and sustain competitive advantages through different strategies levels. Furthermore, the research perceives that the strategic above-mentioned strategic management models and different theories will fit into the service-oriented business in which the consultancy business links mostly.

The Value Creation factors can be defined as outlined below:

Quality has many definitions, in terms of consulting services, quality exists when the firm's services meet or exceed customer's expectations. Hitt (2003:166) illustrates quality dimensions as below:

- Timeliness – performed in the promised period of time
- Courtesy – performed cheerfully
- Consistency – giving all customers similar experiences each time
- Convenience – accessibility to customers
- Completeness – fully serviced, as required
- Accuracy - performed correctly each time

Quality is the customers' perception of the value of the suppliers' work output. The word "Quality" represents the properties of products and/or services that are valued by the consumer. Quality is doing the right things right and is uniquely defined by each individual. Quality is meeting the customer's needs in a way that exceeds the customer's expectations. Quality is meeting customer requirements at lower cost with built in preventive actions in the process and employee/management involvement ensuring the best product to the customer/end user with JIT delivery.

Quality is not achieved by doing different things; it is achieved by doing things differently, Source: <http://www.qualitydigest.com>.

Efficiency has several meanings, economic efficiency is a term typically used in microeconomics when discussing product/service. Production of a unit of good is considered to be economically efficient when that unit of good is produced at the lowest possible cost. There are two concepts of efficiency: Technological efficiency occurs when it is not possible to increase output without increasing inputs. Economic efficiency occurs when the cost of producing a given output is as low as possible. (http://economics.about.com/od/productivity/f/economic_eff.htm). Differentiation through efficiency leads to a more productive company. Efficiency is the most basic method of decreasing costs. At target this means addressing poor asset utilization. In addition, it means closing the productivity gap. This is particularly important in the retail industry. This benchmarking ratio determines the company's vitality. Addressing these issues would enhance performance. This would lead to savings that could be passed on to the consumer. The main benefit to customers is lower prices or value. Aiming to increase turnovers benefits the customer. For example, inventory turnover reflects the right combination of products. Focusing more on this inadvertently addresses customer responsiveness. More interestingly, it could mean investment in value creation activities. For example, savings could be diverted to design or marketing. Source: <http://www.freeonlineresearchpapers.com>

Innovation refers to a new way of doing something. It may refer to incremental and emergent or radical and revolutionary changes in thinking, products, processes, or organizations. In economics the change must increase value, customer value, or producer value. The goal of innovation is a positive change, to make someone or something better. Innovation leading to increased productivity is the fundamental source of increasing wealth in an economy (<http://en.wikipedia.org/wiki/Innovation>). Differentiation through innovation leads to a more competitive company. Target has long been a leader in creating unique products. Innovation is not germane only to products however, other areas exist in which creativity and innovation could flourish. The target website is the best opportunity for innovation. The site is currently powered by Amazon.com. While the site is visually appealing, navigation tends to be troublesome. Moreover, the cluttered look does not reflect target stores. Developing the website in

house has some key advantages. First, it allows greater control over the company image. Second, it could enhance store sales by providing in-store pickup options and just browsing features. Third, new technology can enhance the shopper experience. These include virtual dressing rooms and product ratings. Fourth, website statistics could be manipulated to produce usable information. These web analytics could determine future site design and even product decisions. Source:

<http://www.freeonlineresearchpapers.com>

Customer Responsiveness describes how to (1) make every individual associate capable of contributing to customer queries, (2) greatly streamlining many complex processes required for customer fulfilment, (3) taking the human latency away from the entire Customer Responsiveness chain, (4) optimizing enterprise resources and (5) creating the Customer Responsive Company.

(<http://rajasdaithankar.blogspot.com/2007/03/business-of-customer-responsiveness.html>).

Differentiation through customer responsiveness is the key to building loyalty. At the core of customer responsiveness is understanding and predictability. A variety of methods exist to address these two concerns. New technologies are able to collect and analyze consumer information. Target's credit cards offer a means of tracking consumer data. However, it fails to track the habits of non-card guests. Indiscriminately providing guests with store cards would yield much valuable information. Demographic and consumer shopping trends could be more easily traced. This would also enhance loyalty when linked to shopping rewards. The information collected could then be used to address customer's needs. This would also simultaneously address turnover inefficiencies Source: <http://www.freeonlineresearchpapers.com>.

The **concepts of value creation** are closely linked to the strategy and organizational behavior literature on competitive advantage. Competitive Advantage is the ability of a company to outperform the other competitors within the same industry. There are several models to assess the Competitive Advantage and its sustainability. Some are organizational theories based on the nature of supply chain transactions that occur, such as transactions cost theory, resource-based theory and strategy structure theory, all of which assess Competitive Advantage based on the type of relations established within the partnerships. Other models analyze the procedures and outcome (products/services) of a company in comparison with other companies (competitors).

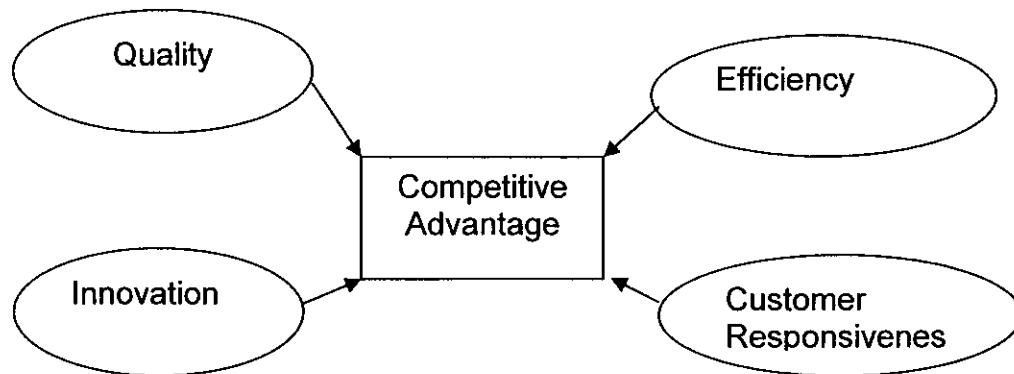


Figure 2. 6 *The '4Blocks' of Competitive Advantage*

Source: Asso. Prof. Thanachai Yomchinda, STOU/ Jones, George and Hill 2000

The model of Competitive Advantage shown in Figure 2.6 above adopted to assess the Consulting Companies' Competitive Advantage. The 4 Building Blocks of Competitive Advantage (Value Creation) are: **Quality, Efficiency, Innovation, and Customer Responsiveness**. These are considered to be the main blocks to build a company's Competitive Advantage in comparison with its competitors and are derived from the company's competences, resources and capabilities. Each of these blocks is dynamic, as it is understood that is necessary to continuously improve each block to obtain and maintain the Competitive Advantage. Each of the '4Blocks' is closely inter-related. For example, improving the efficiency of a process has clear implications on innovation and quality. A more detailed explanation on each of these concepts and their relation with the Competitive Advantage – Value Creations as following:

Increasing Quality - Quality means that there is the right adjustment between process and output, or between what is offered and the needs. It aims at getting the right service (product) to the customers reducing losses or unnecessary high standards. It is not subjective. There must exist a correct adjustment between the service provided and the degree of satisfaction of the customers, i.e., that their expectations are fulfilled. Operational and measurable parameters have to be stated a priori to enable the understanding of what is understood by quality, and most important, to measure and control the quality. Good quality products 'Do the job they are designed for, do it well

and give customers what they want' (Hill 2000). The best known managerial technique to improve quality is Total Quality Management (TQM) that focuses on improving the quality of a company's products and services and stresses that all the organization's functional activities should be directed to this goal, the higher quality is closely related to improved efficiency.

Increasing Efficiency - Efficiency is a key in today's competitive environment. It aims at reducing the resources needed to produce a specific output, or conversely, with the available resources increase the output. Efficiency gains can be obtained either recurring to new technologies and/or to new ways to manage the procedures/organizations.

Increasing Innovation - Innovation is a process where new goods or processes are developed under incentive as human nature tends to be conservative. Innovation also requires the creation of a work environment that encourages risk taking.

Improving Customer Responsiveness - It is about giving to customers what they want and need, promoting the organizational strategies that respond to those needs. It is important for clients to have the notion that they have correctly 'invested' their money, i.e. they are getting 'good/service value for money', meaning good quality low cost product (efficiently produced). Gomolski 2001 demonstrated that the improvement of efficiency and responsiveness to customers are believed by many companies to be sources of Competitive Advantage. These four blocks of Competitive Advantage are inter-related as Fullerton (2001) and Vokurka (2002) research demonstrated that manufacturing strategies like Just-In-Time build and sustain a company's Competitive Advantage by improving simultaneously efficiency, quality and the customer responsiveness. To keep *Sustainable* Competitive Advantage (SCA), the company has to look at the following elements:

- The main pitfalls to avoid depending on the existing Imitation Barriers
- The raising of Imitation Barriers depend upon which factors the Competitive Advantage are based. It can be on tangible or intangible factors. The tangible factors are the easiest to imitate since they are largely based on technology, so it is important to focus on intangible assets like know-how, procedures, etc., that are more difficult to imitate.

- The Capacity of Adjustment to Change -the major factor that hinders the Capacity of Adjustment to Change is Inertia. Inertia is very easily installed in an organization that is doing well, but it is very important to resist it and instead to adopt a more proactive attitude, as competitors are always improving.

- The Industries' Dynamics - the Industries' Dynamics depends on the particular industry, but the surrounding environment is constantly changing and that also has to be accounted for a continuous attention to the environment and a strong focus on innovation is the key to attain a Sustainable Competitive Advantage. Source: <http://eprints.qut.edu.au>.

2.2 Consulting Business Model

Traditionally, consulting was primarily directed at the management level. It was seen as a knowledge-offering industry, appraising, applying and selling knowledge and experience. Very often it was applied for promoting organizational change to create a more effective and efficient client organization (Werr and Stjernberg, 2001).

Rassam (2001) provides more detail, indicating that during the last decade, this opinion has been strengthened, depending on the prerequisites clients have today. The most important factors in analyzing production potential have been land, labor and capital. The importance of these physical factors remained recognized for a long time. However, recently this idea has been challenged by the “new” intangible factor, known as knowledge. Today, most companies' competitive advantage is based on their continuous acquisition of skills and knowledge. Being able to understand the relevance of research progress and applying or even generating new knowledge and skills is of crucial importance to companies for improving their competitive position. The main effect of this reorientation was the change of the management consultancy industry towards a knowledge management business. (Rassam, 2001)

Hitt, Ireland and Hoskission (2003) came to the conclusion that consulting needs to have a considerable pool of intangible resources such as human resources (knowledge, trust, managerial capabilities, organizational outlines), innovation resources (ideas, scientific capabilities, capacity to innovate), reputation resources (reputation of reliability with customers, brand name, perceptions of product quality, durability and

reliability, reputation with suppliers – for efficient, effective, supportive and mutually beneficial interactions and relationships).

The question remains why the consultants are hired in general? Do the companies really need them for solving special problems? Obviously the consultancy companies' clients often need someone from outside the company who can oversee a project in order to make the right things happen in a right time, help them to avoid pitfalls, have discussions of different opinions and monitor the objectivity as well as the relevancy of the project. In addition the clients need some assistance with identifying what changes the organization needs and how the changes can be achieved in a problem-free way (Kuttner, Babicky, Barcus III, Eveloff, Hickman, Hunt 1989).

A consultant-client relationship “*involves employing diagnostic and expert practices that result from the application of skills and knowledge*” (Grieves, 2000). Moreover, as Schein (1988) states, a consultant is to check what is wrong with the client's organization, and especially diagnose what part is the one in need of support and improvement. This model gives a great power to the consultant since it identifies both the strength and weaknesses and recommends the steps to be taken for a positive change. This is very appealing for the consultants (Schein, 1988). The main difference between these two approaches lies in how the problem solving is carried out. The expert approach claims that a consultant is employed because of his/her capability to contribute directly to solving the organizational problem. On the other side the process consultant approach is focuses on supporting the clients' own process of problem solving. The expert consultant's expertise is expressed by his or her capability to identify the situation and prescribe the solution. In the process-consulting model a consultant is to provide advice and engage the client with various interventions. (Stjernberg & Werr, 2001). According to Schein (1988:11), the role of a process consultant is to “*help the client to perceive, understand, and act upon the process events that occur in the client's environment in order to improve the situation as subjectively defined by the client*”.

Management consulting models and tools are used differently depending from which perspective they are looked at. On the expert consultant side the models for diagnosing and problem solving are seen as important building blocks while on the process consultancy side these are regarded with huge skepticism. The reason for this skepticism is that process consultants believe that ready-made models ignore the

knowledge of the client organization and the peculiarities of the particular occasions. Utilization of ready-made or made up models causes unsuitable solutions and consequently may lack the recognition within the client's organization. The consequences are that they are not producing any considerable changes, acclaimed by the process consultant approach. It is essential for the client to find their own solutions in order to create the lasting change as assumed by the process consultants (Werr and Stjernberg, 2001).

Werr and Stjernberg, 2001 viewed the consulting process from a cognitive perspective and focus on what triggers a sense-making process. This topic can be tackled from both process and expert perspectives. Successful consultation requires combining the elements from both approaches, as process skills and tools can be valuable for the expert consultants and the general models may contribute to the problem solving and reinterpretation of the organization and its business. Although we are focusing on the process-consultant model and thus do not give the same importance to the expert model. The expert model does contribute to the consultancy business.

The more engaged and committed the employees are to the appraisal project, the easier the implementation of the solution becomes. However, a process consultant should not make recommendations or suggestions. The consultant should focus on guiding people through the problem solving process within the organization. Therefore, the most important task for a process consultant is to keep this process going by having a continuous dialogue between the personnel (Kuttner, 1989).

The process consultant must lead the discussion and act as a facilitator. His/her purpose is to guide and coach the client in an organizational developing and problem solving process (Kuttner., 1989). The aim in facilitating is to create and ensure an atmosphere and situation that is filled with open communication (Werr and Stjernberg, 2001). The process consultant's function is to work as a channel of change, thus influencing the client's employees by a chosen approach, used methods and applied values. The aim is to engage the client's personnel broadly in the project (Kuttner, 1989; Werr and Stjernberg, 2001).

Kuttner states that a process consultant needs to have above-average communication and people skills in order to be effective in his/her job, Kuttner (1989).

In addition he/she needs to have the ability to work with people and know how to influence them. These skills are required to cope with the task of being a facilitator. Without the capability of being able to motivate people to work together he/she cannot succeed in his/her work. According to Kuttner (1989), one has to be familiar with the client's business and the industry in order to be an effective process consultant. It is essential that the right questions can be asked and unsuitable solutions are challenged.

To be able to identify and solve the problems together with the client's employees, the process consultants need to have the ability to indulge the people's knowledge and experiences. The process consultants may have to cope with problematic situation such as over-dependence if a client interprets the consultants to be an expert one rather than a channel for a change. In this situation it is important to wipe out these expectations by engaging the activities and the knowledge in the company (Grieves, 2000).

Finally, as Schein (1988) proposes, the process consultant is to build a capacity for the client's organization whereas the expert consultant is to provide ready-made, quick fix solutions. While the expert consultant passes on her/his knowledge, the process consultant aims to share his/her skills and values.

2.3 Customer Satisfaction Model

In order to provide its products and services in a competitive manner and in a way that can satisfy customer demands and expectations, the company has to listen carefully to its external customers and clients. Several studies have shown that the long-term success of a company can be assured by flexibly adapting its offers to customer demands and by considering preferences as closely as possible. Therefore, satisfying customers should be a goal in its own right for all future-oriented companies. In order to monitor customer satisfaction and taking action to improve it, several models have been devised and implemented in practice. For this study the researcher has selected some of these models as follows:

Prof. N. Kano (1984 – in the website 12 manage), defined the customer satisfaction model as *a quality management and marketing technique that can be used for measuring client acceptance and happiness*. Kano's customer satisfaction model

differentiates three categories of product and service quality attributes, such as basic-, excitement- and performance attributes, see figure 2.7.

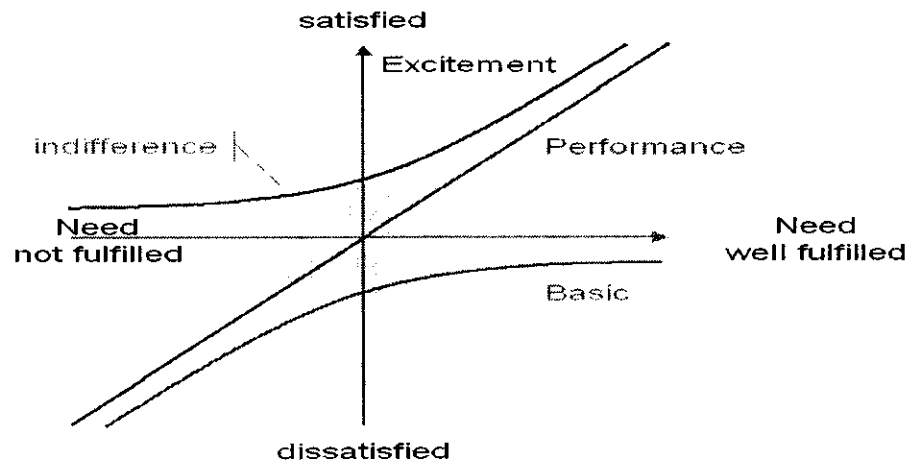


Figure 2. 7 The American Customer Satisfaction Framework

Source: AMJAD. D. AL-NASSER (2003)

Kano model above describes that a competitive product and service system gathers basic attributes, maximizes performances attributes, and includes as many “excitement” attributes as possible at a cost the market will tolerate.

The *basic attributes* are the expected attributes or “must” products or services and do not provide any opportunity for product or service differentiation.

Performance attributes provide in general better quality and will improve customer satisfaction. These attributes will form the weighted needs against which product or service concepts will be evaluated.

Excitement attributes are unspoken and unexpected by customers but can result in high levels of customer satisfaction, while their absence does not lead to dissatisfaction. Excitement attributes often satisfy latent needs or real needs of which customers are currently unaware. In a competitive marketplace where company’s products and services provide similar performance, providing excitement attributes that concentrate on “unidentified needs” can provide a competitive advantage.

Other Attributes, such as indifference, questionable attributes are often of little or no consequence to the customer, and do not factor into consumer decisions.

AMJAD. D. AL-NASSER (2003) described the customer satisfaction model as a complete path model, which can be depicted in a path diagram to analyze a set of relationships between customer attitudes. Figure 2.8, the American Customer Satisfaction Index Model (ACSI) and figure 2.9, the European Customer Satisfaction Index model (ECSI) is good examples of Customer Satisfaction Model.

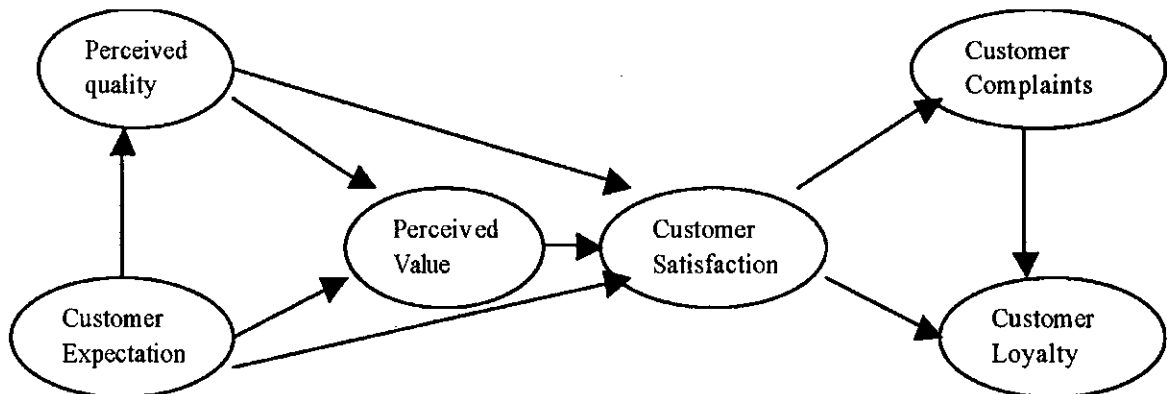


Figure 2. 8 the American Customer Satisfaction Framework

Source: AMJAD. D. AL-NASSER (2003)

The above American Customer Satisfaction Index Model (ACSI) starts with customer expectations and perceived quality measures, which are supposed to influence and/ or in order to perceive value and create customer satisfaction. In terms of ACSI, the customer satisfaction has two antecedents such as customer complaints and customer loyalty to measure price tolerance and customer retention.

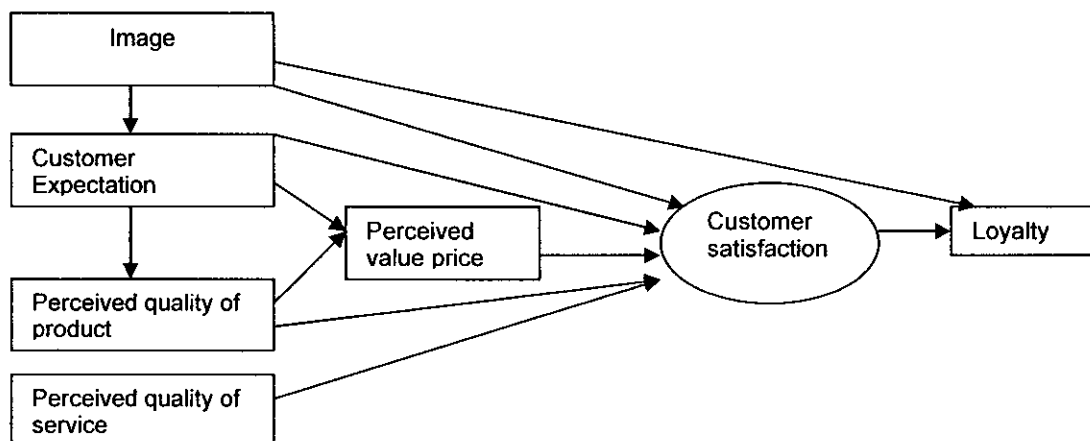


Figure 2. 9 The European Customer Satisfaction Framework

Source: AMJAD. D. AL-NASSER (2003)

The European Customer Satisfaction Framework uses image, customer needs and expectations as the starting point. The companies develop products and services around their customers' needs and expectations in order to perceive the value price and customer satisfaction. All of these factors lead to customer loyalty and company's competitive advantage.

Another framework for measuring customer satisfaction can be illustrated through the process of customer value management, Walker/Mullins/Boyd/Larreche (2006). Figure 2.10 describes the customer value management process that aims at improving both customers' perceptions of product/service quality and to reduce costs.

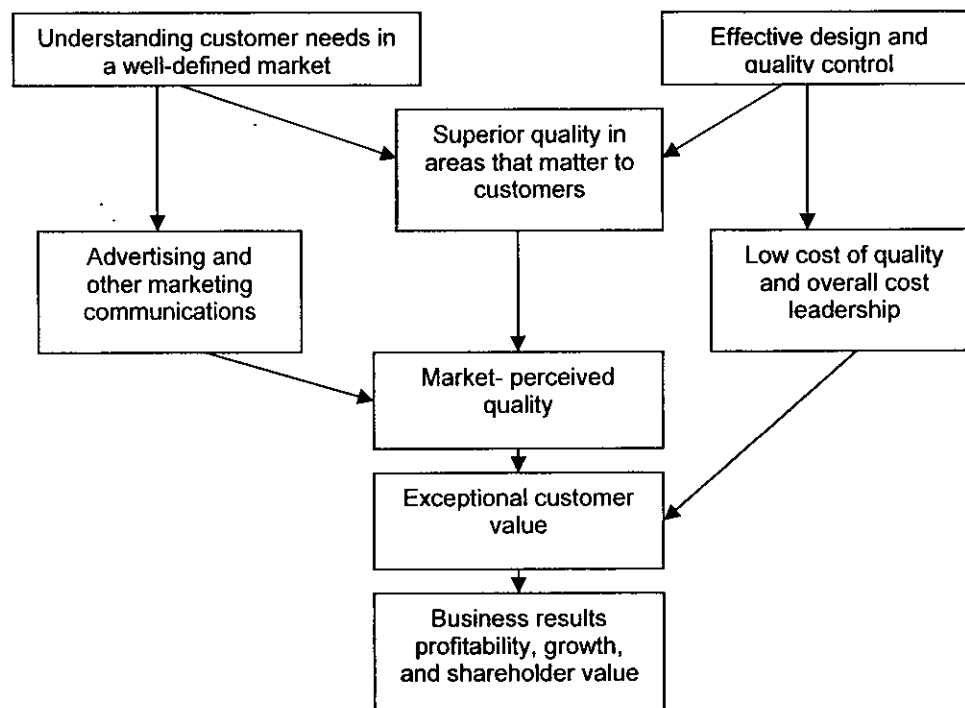


Figure 2. 10 Customer value management process

Source: Walker/Mullins/Boyd/Larreche (2006:233)

Generally, customers also judge the quality of the service they receive in different dimensions. After extensive studies, five dimensions of perceived service quality have been refined, see table 2.1 below. Walker/Mullins/Boyd/Larreche (2006:234):

Table 2. 1 Quality dimensions

Dimension	Description
Tangibles	The physical facilities and equipment available, the appearance of staff, how easy it is to understand communication materials...
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and to provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence
Empathy	Providing caring and individual service to customers

Besides all models and factors above, key factors for continued success for the companies, particularly for consulting companies in Laos is to build-up win-win relationships with employees, customer, client and society by means of rising expectations, satisfaction and trust among those stakeholders (Toshio Yamamoto (Aug, 2009).

2.4 Current economic development and consulting companies in the Lao PDR

World Bank- (Lao PDR Economic Monitor, June 2009 – EM, June 2009) presented that Lao PDR has mastered the global financial crisis better than many of its neighbours. This is due to its relatively closed economy and partly due to effects of the 2008 credit growth, recent SEA games and related infrastructure spending. However, this financial crisis causes the real GDP growth to slow down from 7.5% (2007), to 7% (2008) and is estimated to ca. 5% in 2009, (see Figure 2.9).

The slow-moving growth in 2009 is transmitted mainly through reduced demand on export markets, tourism receipts and consequently lower contributions from manufacturing and services sectors. However, growth remains fairly strong and continues to be driven by increases in agricultural output by 2.6%, copper production by at least 25% (2009), and by the service sector (mainly an increase in public wage spending, improved retail trade by 85% (2008).

Average annual inflation was recorded at 7.6% in 2008 and is expected to decline to below 2 % in 2009 due to recent sharp falls in global commodity prices (see Figure 2.11).

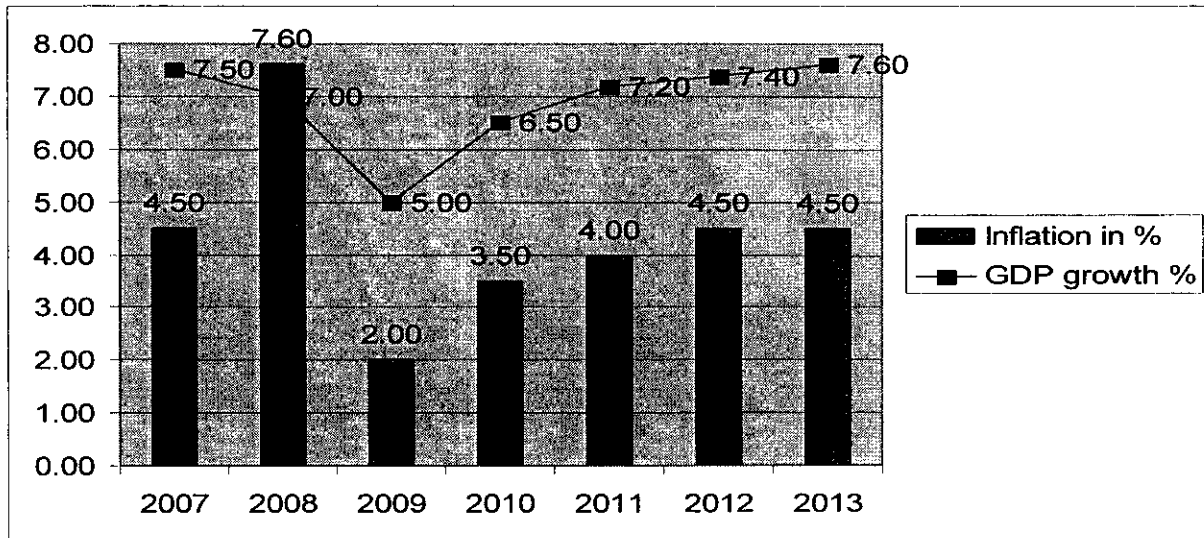


Figure 2. 11 Real GDP Growth and Inflation in percent

Source: EM, June 2009 -Lao PDR authorities (MPI) and staff estimates.

Laos, as a small country with limited resources and low capacity, requires a well-designed response plan and clear financing strategies, which needs significant external support in order to overcome the impact of the global crisis. It needs a balance between the announced measures and short- and medium-term macroeconomic stability to ensure consistency of policy response (World Bank- Lao PDR Economic Monitor, June 2009). To facilitate and support this economic and social development, the consultancy services play a significant role by assisting enterprises in adapting to the changed economic environment.

Lao consulting industry initiated its business in the early 1990s; a couple of years after the new economic mechanism policy were adopted by the Government to change from a centrally-planned economy to a market-oriented economy in 1986. The first and basic consulting activities were in the areas of accounting and auditing, translations and investment advisory, which, however, developed slowly. The development process in industry accelerated significantly when the Law on Enterprise and Law on Foreign Direct Investment (FDI) were enacted in 1994. Another important factor contributing to the expansion of the industry is the capital inflows from international organizations and donors for various economic sectors in forms of loans and technical

assistance projects (Asian Development Bank, Report on Domestic Consulting Industry in Lao PDR, June 2004).

Based on the Strategies for development of Small and Medium Entrepreneurs (SME) until the year 2010 (2009) which was approved by Prime Minister's Office, the entrepreneurs as well as the consulting companies industry can be defined or classified based on the number of employees, total assets and annual turnover as shown in the table 2.2 below.

Table 2. 2 Definition of the company in the Lao PDR

Size	Number of employees	Total assets (million Kip)	Annual revenue (million Kip)
Small enterprise	≤ 19	≤ 250	≤ 400
Medium enterprise	≤ 99	≤ 1,200	≤ 1,000
Large enterprise	> 99	> 1,200	> 1,000

Source: Strategies for development of SMEs until the year 2010 (Prime Minister Office, 2009).

Based on the enterprise survey in 2005 (Prime Minister Office, 2009), 95% of entrepreneurs are SME and only 5% are large companies. The survey found also that 44% of SMEs are operating in the trade sector, 38% in the service sector and 18% in the production of commercial goods.

2.5 Previous related studies

Few research projects have been undertaken in relation to the strategies for business development of consulting companies, as presented below:

Seenu Anna Kurien (2004), studied business development strategies used by general contracting construction companies in Texas for market diversification. The results indicated that competitive and technological advantage creates easier

market entry because there will be less competition in that sector. Being an expert in specific areas and by targeting a certain segment will help the companies focus on their primary business objectives. Customer orientation or customer responsiveness is an essential factor in relationship building. This should be incorporated into the company's mission and business objectives. Gaining customer's confidence and/or satisfaction from the start are a basic requirement for long-lasting company-customer relationships. Customer's confidence and satisfaction can be achieved through the improvement of the company value, i.e. the improvement of quality, efficiency, innovation and customer responsiveness.

Mathias Lindmark & Peter Thorpman (2001) undertook research entitled "The Understanding of Management Consultancy Practice: A Case Study on Consultant-Client Interactions in Change Efforts in Sweden". The study summarized that the larger companies have a competitive advantage in their global knowledge net, while the smaller firms are in a position where they need to develop a "unique" practice. The study focused on the development of the consultant-client interaction of the smaller consultancy in practice. The main findings are that consultants as active change actors face dilemmas in their interaction with the client; that consultants need self-confidence in their usage of knowledge in the interaction; and that consultants can in fact facilitate wisdom making in clients through the creation of "shared understandings" in the interaction. In conclusion, the marketing development to understand the demands of clients/customers, human resource development and quality control of service to meet the requirement of the customers are very important factors for the consulting companies to be competitive in the markets.

Christofer Bachman, Risto Sallinen (2004) studied the "Value Creation in a Process Consultancy Setting": The purpose of the study was to identify, explore and analyse the key components of value creation in a relationship between the consultancy company and the clients/customers. At the end the two researchers concluded that the consulting companies can create their value through customer relationship and the company's identity/image.

Nilco Postma (2009) studied "How management consultancy firms add and appropriate value". From analysis of the interviews the researcher concluded that value creation by management consultancy firms is mostly dependent from the network

and the reputation of the firm. In another words, the long term relationship between the management consultancy firm and the client, participation of individual consultants in the management consultancy firm, economies of scale, and the knowledge system are the important elements relating to value creation in the management consultancy industry.

Åsa Arencrantz and Anna Bergdahl (2000) undertook research entitled “A Study on how to undertake effective Consulting Services in the Russian Business Environment”. The researchers summarized that in order to be effective in the Russian market, it is indeed important for the international consulting firms to adapt their services according to the local specific business environment and its characteristics in term of design, delivery and implementation. Therefore the consulting firms need to have a thorough understanding of the client, his resources and capabilities and the specific business environment that he operates within. In conclusion, in order to improve effectiveness the consulting industry shall pay attention on change management in which they always upgrade their experts through trainings, workshops in the regional as well as international consulting industry environment and build up their teams with clients.

Chapter 3

Research Methodology

This chapter presents the methodology of the study, comprising 4 parts as outlined below:

- 3.1 Population and Sampling Techniques
- 3.2 Research Methodology
 - 3.2.1 Pre-test
 - 3.2.2 Data collection
- 3.3 Data analysis and statistics

3.1 Population and Sampling Techniques

There are currently 61 consulting companies operating in the Lao PDR, especially in Vientiane Capital as presented in the Lao PDR Yellow Pages - Official Laos Business Directory 2009 and registered at the Ministry of Industry and Commerce (MOIC), Trade Registration Department up to July, 2009). The 61 consulting companies were allocated to two categories including Members and Non-Members of the Lao Consulting Companies Association.

In this Independent study, the target population is determined according to the sample size. The sample size for this study is calculated according to the Yamane (1973) recommended formula as below:

$$n = \frac{N}{1 + N(e)^2}$$

Where, n = size of sample

N = total population of sample (N = 61 companies)

e² = probability of error (e = 5% (95 percent confidential interval))

$$n = \frac{61}{1 + 61(0.05)^2} = 52.93$$

Consequently, the sample size for survey questionnaires is 53 companies.

The actual selection of companies was then done by simple random sampling, so the names of the companies were written on the papers, put each name in the paper in the basket and draw it until getting 53 companies.

3.2 Research Methodology

There are two types of data which will be used for this study that is primary and secondary data. The main research methodology is a survey questionnaire used as means of data collection to obtain primary data from the management of consulting companies in Laos. The questionnaire is designed to meet the objectives and variables of the conceptual framework of the study. They are based on the conceptual framework; secondary data obtained by review of the relevant literatures, textbooks, websites and related previous research articles.

The questionnaire comprises 4 parts as follows:

Part 1: Information collection in relation to the consulting company's profile as measured by multiple choices of closed-ended questions. The categorical scale is used to ask respondents to provide information regarding their size in terms of number of employees, annual revenue, kind of services offered, registration type, experiences in their field of business, nationality of owners and membership (yes/no) of the Lao Consulting Company Association.

Part 2: Discussion of the strategic directions. This part consists of 23 questions related to strategies at three levels - corporate, business and functional-level by using the Likert scale of Closed-ended Questions. The respondents are required to indicate how closely their assumptions, opinion; perceptions match the statement on a five point rating scale (ranging from 1 to 5).

Part 3: Measuring value creation based on the response to 19 questions including quality, innovation, efficiency and customer responsiveness by using the Likert scale of Closed-ended Questions. As in Part 2 above the respondents must

indicate how closely their assumptions, opinion; perceptions match the statement on a five point rating scale (ranging from 1 to 5).

The interpretation of the questionnaire part 2 and 3 is set by allocating values from lowest to highest (1 to 5), the average scales are calculated as follows:

$$\begin{aligned} \text{Range of scores} &= \frac{\text{Highest score} - \text{Lowest score}}{\text{Number of range}} \\ \text{Range of scores} &= \frac{5 - 1}{5} = 0.80 \end{aligned}$$

Thus, the scores fall between the ranges as follows:

1.00 - 1.80	=	very low performance
1.81 - 2.60	=	low performance
2.61 - 3.40	=	moderate performance
3.41 - 4.20	=	high performance
4.21 - 5.00	=	very high performance

Part 4: This part is giving respondents an opportunity to answer in their own words or making suggestions towards strategies for improving business development of the consulting companies in the Lao PDR in order to meet the customers' demands and to comply with international standards by using Open-ended Questions.

The researcher submitted the questionnaires to the advisor of the Independent Study to check the questions' content quality, validity and whether the questions match the objectives of the study, finally to check the use of the English language and advice to correct accordingly.

3.2.1 Pre-test

The researcher conducted pre-test to assess the quality, validity and reliability of the questionnaires statements. The questionnaires were delivered to 10 test respondents for completion and indication of any statement that was either unclear or difficult to answer. Cronbach's coefficient alpha was used in order to test consistent

reliability of rating scaled questions. If an Alpha-test is less than 0.7, it means that the questions are considered poor and unreliable. On the contrary, if an Alpha is 0.7 or higher, it considered “acceptable” or reliability coefficient (Nunnaly, 1978). Based on the result of Pre-test on the SPSS program (Analysis-Scale), reliability tests of strategic directions and value creation factors were done and the results are presented as below.

Table 3. 1 Reliability Analysis of the pre-tested - rating scaled questionnaires

Variables	Number of questions	Number of cases (respondents)	Cronbach's Alpha
Corporate strategy	7	10	0.716
Business strategy	4	10	0.707
Functional strategy	12	10	0.805
Strategic directions	23	10	0.899
Quality	5	10	0.810
Efficiency	4	10	0.751
Innovation	4	10	0.728
Customer responsiveness	6	10	0.908
Value creation factors	19	10	0.846

The result of table 3.1 showed that Cronbach's Alphas of all variables are higher than 0.7, it is acceptable, thus the researcher used the questionnaires to collect the complete data.

3.2.2 Data collection

The researcher used these questionnaires to approach the managers of consulting companies as respondents via personal interview, by phone, by email and fax in order to receive complete, valuable, valid and reliable information from them.

3.3 Data analysis and statistics

The study combined qualitative and quantitative methods to cross-check the data and improved accuracy. While quantitative inquiry into an identified problem is based on testing a theory, measured with numbers, and analyzed using statistical

techniques, qualitative information refers to and proves to be effective in obtaining social or human specific information about the values, opinions, behavioural patterns, and social contexts of particular populations. For this study, the data analysis was conducted mostly using the questionnaires with a quantitative method by application of multiple choice methods. The five-point Likert scale was applied to measure respondents' opinion and for determining the strategies of the consulting companies in the Lao PDR for developing their business, and how their values are created in order to respond more effectively to customer demands.

The researcher analyzed the above mentioned primary data obtained from the consulting companies by using computer software called Statistical Package for Social Science (SPSS).

The descriptive statistical techniques such as frequency, percentage, mean and standard deviation are used to describe the results of the data analysis. The inferential statistical techniques such as Independent samples t-test for differences between two groups, Analysis of Variance (ANOVA) and Pearson correlation are used for testing the relationships between the independent variables and dependent variables (hypotheses testing). The formulas are described as below:

$$\text{Frequency} \quad \bar{X} = \frac{\sum X}{N}$$

$$\text{Percentage} \quad = \frac{n \times 100}{N}$$

$$\text{Mean} \quad \bar{X} = \frac{\sum X}{N}$$

$$\text{Standard Deviation} \quad \text{S.D.} = \sqrt{\frac{\sum (X - \bar{X})^2}{N}}$$

Where, N = Population

X = value of any sample

n = sample

Independent samples t-test

The t-test is used to compare the values of the means from two samples and test whether it is likely that the samples are from populations having different mean values

(<http://www.okstate.edu/ag/agedcm4h/academic/aged5980a/5980/newpage26.htm>).

$$t = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}}$$

where \bar{x}_1 = mean of sample 1

\bar{x}_2 = mean of sample 2

n_1 = number of subjects in sample 1

n_2 = number of subjects in sample 2

s_1^2 = variance of sample 1 = $\frac{\sum(x_1 - \bar{x}_1)^2}{n_1}$

s_2^2 = variance of sample 2 = $\frac{\sum(x_2 - \bar{x}_2)^2}{n_2}$

The researcher will apply this t-test to see the difference between Member or Non Member of Lao Consulting Company Association towards value creation factors, If p-value is less than 0.05, the null hypothesis would be rejected at 0.05 significance level.

Analysis of Variance (ANOVA)

The purpose of the Analysis of Variance (ANOVA) Technique is to test for significant differences among two or more groups and gives more freedom of analyzing these groups. ANOVA is used to test the hypothesis whether the means of several groups are equal or not. This technique is an extension of the two-sample t test. The F-value is presented in the Formula below (Kanlaya).

$$F = \text{MSTrt} / \text{MSE}$$

Where:

$$\text{SST} = \text{SSTrt} + \text{SSE}$$

SST: Total sum Square

SSTrt: Between-Groups Sum Square

SSE: Within-Groups Sum Square or Residual Sum Square

MSTrt (Mean Square Between Group) = SSTrt / k-1 (degree of freedom -df)

MSE (Mean Square Within Group) = SSE / n-k (degree of freedom -df)

This test will be used to test the difference between company profiles (Company size, Revenue, Kind of services, Registration type, Experiences and Nationality) and value creation factors. If p-value is less than 0.05, the null hypothesis would be rejected, supposing significance level of 0.05.

Pearson Correlations

The Pearson correlation is used to find a correlation between at least two variables. The Pearson correlation coefficient is used to measure the strength and direction of the linear relationship between two variables. The correlation is formulated as below

$$r_{xy} = \frac{N \sum XY - (\sum X)(\sum Y)}{\sqrt{\{N \sum X^2 - (\sum X)^2\} \{N \sum Y^2 - (\sum Y)^2\}}}$$

Where, r = Pearson's correlation coefficient

X and Y = Values for any sample

N = Population

A correlation is a number between -1 and +1 that measures the degree of linear relationship between two variables. The closer the correlation is to +/-1, the closer to a perfect linear relationship. Below table is interpreted of the correlation coefficient <http://www.statisticssolutions.com/pearson-s-correlation-coefficient>.

Table 3. 2 Interpretation of the correlation coefficient

correlation coefficient (r)	Interpretation
1	Perfect positive correlation
.75 to .99	High positive degree of correlation
.25 to .74	Moderate positive degree of correlation
0 to .24	Low positive degree of correlation
0	No correlation
-1	Perfect negative correlation
-.75 to -.99	High negative degree of correlation
-.25 to -.74	Moderate negative degree of correlation
0 to -.24	Low negative degree of correlation

A positive value for the correlation implies a positive correlation (large values of X tend to be associated with large values of Y and small values of X tend to be associated with small values of Y). A negative value for the correlation implies a negative or inverse association (large values of X tend to be associated with small values of Y and vice versa).

SPSS software- Analysis-Correlate-Bivariate provides the p-value for Pearson correlation, two-tailed significance hypothesis test.

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

This research consists of ten hypotheses. The details of hypotheses and methods to be used for testing are summarised in the table below:

Table 3. 3 Hypotheses and statistical tools to be used for testing

Null Hypotheses	Null Hypothesis Description	Statistical technique
H ₁	There is no difference between size of companies with respect to value creation factors	ANOVA
H ₂	There is no difference between company revenue with respect to value creation factors	ANOVA
H ₃	There is no difference between kind of services with respect to value creation factors	ANOVA
H ₄	There is no difference between registration type with respect to value creation factors	ANOVA
H ₅	There is no difference between experiences with respect to value creation factors	ANOVA
H ₆	There is no difference between nationality of company owner with respect to value creation factors	ANOVA
H ₇	There is no difference between Member and Non-Member of Lao Consulting Company Association with respect to value creation factors	Independent sample t-test
H ₈	There is no relationship between corporate strategy and value creation factors	Pearson Correlation
H ₉	There is no relationship between business strategy and value creation factors	Pearson Correlation
H ₁₀	There is no relationship between functional strategy and value creation factors	Pearson Correlation

Chapter 4

Data Analysis and Results

In this chapter, the researcher analyzed the data obtained from the survey of 53 sample consulting companies by using questionnaires and applying the computer software SPSS (Statistical Package for the Social Science). The results generated by data analysis are presented in 4 parts as follows:

- 4.1 Descriptive Statistics
- 4.2 Hypotheses Analysis
- 4.3 Summary of hypothesis testing results
- 4.4 Summary of respondent's suggestions

4.1 Descriptive Statistics

The data of this part are presented by using descriptive statistics, frequency and percentage as shown in Tables below:

Table 4.1 Company profile data

1. Size-number of employees	Frequency	Percent
Under 19 – small size	28	52.8
20-99 – medium size	24	45.3
More than 99 – large size	1	1.9
2. Revenue per year in million Kip		
Less than 400	17	32.1
Less than 1,000	25	47.2
More than 1,000	11	20.7
3. Kind of Services (can be selected more than one)		
Business Development Services	20	19.4
Program/Project Development and Management	17	16.5
Human Resource Development	15	14.6
Research and Survey	24	23.3
Capacity & Institution Building	20	19.4
Moderation and Facilitation	7	6.8

Table 4.1

4. Registration type	Frequency	Percent
State-private	4	7.5
Private	41	77.5
Joint-venture	4	7.5
Other	4	7.5
5. Experiences in this business		
Less than 3 years	5	9.4
3-5 years	12	22.6
6-10 years	20	37.8
More than 10 years	16	30.2
6. Nationality of company owner		
Lao	37	69.8
Foreigner	12	22.7
Both Nationalities	4	7.5
7. Member of Lao Consulting Company Association		
Member	25	47.2
Non-Member	28	52.8

Table 4.1 shows that most of the consulting companies are small-size (52.8%) due to Lao economic scale, whereas the large size companies cover the lower number (1.9%). The largest part of the consulting companies gained between 400-1,000 million kip, annually (47.2%). There are some small- and medium- size companies with partially highly specialised consultants which can gain profits more than 1,000 million kip annually same as large company. Many companies are operating their services in the field of Research and Survey (23.3%). Private registered companies make up the majority of the respondents (77.5%). Most of them have a consulting business experience for 6-10 years (37.8%). It found that most company owners are Lao people (69.8%) and many respondents are non- members of the Lao Consulting Company Association which amounted to 28 companies (52.8%).

Table 4.2 Analysis of strategic directions

Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")	Mean	Std. Deviation	Meaning of performance
Corporate strategy (Investment and growth)	3.89	.803	High performance
Business strategy (the basis to compete)	3.83	.946	High performance
Functional strategy (building competitiveness)	3.91	.875	High performance
Grand Total	3.88	.874	High performance

From the table 4.2 above, the researcher can conclude that the overall level of strategic directions achieved by the consulting companies in the Lao PDR is in the high performance level ($\bar{X}=3.88$). Thus, the companies see that all three strategic directions are important to develop their business. The highest mean score is the functional strategy ($\bar{X}=3.91$) out of 53 respondents, whereas the lowest mean score is the business strategy ($\bar{X}=3.83$).

Table 4.3 Analysis of the respondents on corporate strategy

	Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")	Mean	Std. Deviation	Meaning of performance
Corporate strategy (Investment and growth)	8. Your company will put more investment in to consulting business for certain	4.13	.856	High performance
	9. Product development will be your alternative strategy	4.04	.784	High performance
	10. Market development will be your alternative strategy	4.09	.766	High performance
	11. Market penetration (using same product in the same market) will be your alternative strategy	3.81	.810	High performance
	12. Diversification will be your alternative strategy	3.75	.757	High performance

Table 4.3

Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")		mean	Std. Deviation	Meaning of performance
Corporate strategy (Investment and growth)	13. Stability and/or Retrenchment (withdrawal product line) will be your alternative strategy	3.53	.912	High performance
	14. Outsourcing and alliance will be your alternative strategies	3.87	.735	High performance
Total		3.89	.803	High performance

Looking at the mean score of the corporate strategy level from table 4.3 indicate that the overall level of corporate strategy achieved by the consulting companies in the Lao PDR is in the high performance level ($\bar{X}=3.89$). The highest mean score is for "Most respondents will put more investment in to consulting business for certain" ($\bar{X}=4.13$). The lowest mean score is for "Stability and/or Retrenchment (withdrawal product line) will be their alternative strategy" ($\bar{X}=3.53$). The companies registered as joint-venture and are managed by the Lao and foreign nationalities, put more investment for certain and growth has the highest mean score ($\bar{X}=4.50$), however the small size companies consider this approach less important ($\bar{X}=3.93$), table 4.4.

Table 4.4 Corporate strategy and four main factors of company profile

Questions of Corporate Strategy	Size-number of employee			Registration type				Nationality of company owner			MLCCA*	
	Under 19	20-99	More than 99	State-private	Private	Joint-venture	Other	Lao	Foreigner	Both Nationalities	Member	Non-member
8	3.93	4.38	4.00	4.25	4.10	4.50	4.00	4.05	4.25	4.50	4.28	4.00
9	4.00	4.04	5.00	4.50	4.00	3.25	4.75	4.11	4.08	3.25	4.00	4.07
10	3.93	4.25	5.00	4.25	4.10	3.75	4.25	4.16	4.00	3.75	4.12	4.07
11	3.61	4.04	4.00	3.75	3.78	4.25	3.75	3.65	4.17	4.25	3.88	3.75
12	3.68	3.83	4.00	3.25	3.83	3.75	3.50	3.70	3.92	3.75	3.88	3.64
13	3.50	3.54	4.00	3.75	3.56	3.25	3.25	3.49	3.75	3.25	3.56	3.50
14	3.96	3.75	4.00	4.25	3.88	3.75	3.50	3.86	3.92	3.75	3.92	3.82

* MLCCA = Member of Lao Consulting Company Association

Table 4.5 Analysis of the respondents on business strategy

Business strategy (the basis to compete)	Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")	Mean	Std. Deviation	Meaning of performance
		15. Your company will provide Service "Differentiation" as the basis to gain market share	4.11	.751
16. Your company will provide "low cost" alternative as the basis to gain market share		3.42	1.027	High performance
17. Your company will position as a focuser (serving small market segment) as the basis to compete		3.74	1.077	High performance
18. Your company will try to go for a "first move" as the basis to gain market share		4.06	.929	High performance
	Total	3.83	.946	High performance

As can be observed from table 4.5, the overall level of business strategy achieved by the consulting companies in the Lao PDR is in the high performance level ($\bar{X}=3.83$). The majority of consulting companies will provide service "Differentiation"

as the basis to gain market share ($\bar{X}=4.11$), however the minority of the consulting company will provide “low cost” alternative as the basis to gain market share ($\bar{X}=3.42$). The “Differentiation” strategy is mainly applied by the Member of Lao Consulting Company Association ($\bar{X}=4.32$), table 4.6 below), in order to become competitive at national and regional markets and against internally operating consulting companies.

Table 4.6 Business strategy and four main factors of company profile

Questions of Business Strategy	Size-number of employee			Registration type				Nationality of company owner			MLCCA*	
	Under 19	20-99	More than 99	State-private	Private	Joint-venture	Other	Lao	Foreigner	Both Nationalities	Member	Non-member
15	4.07	4.21	3.00	4.00	4.20	4.25	3.25	4.14	4.00	4.25	4.32	3.93
16	3.50	3.33	3.00	3.50	3.49	3.25	2.75	3.54	3.08	3.25	3.72	3.14
17	3.79	3.71	3.00	4.00	3.78	2.50	4.25	3.95	3.50	2.50	3.72	3.75
18	3.96	4.17	4.00	4.50	4.00	4.25	4.00	4.00	4.17	4.25	4.08	4.04

* MLCCA = Member of Lao Consulting Company Association

Table 4.7 Analysis of the respondents on functional strategy

Variables & Questions (scale: 1” strongly disagree” to 5 “strongly agree”)		Mean	Std. Deviation	Meaning of performance
Functional strategy (building competitiveness)	19. Your company will emphasize more on marketing activities and new segment	4.00	.832	High performance
	20. Your company will emphasize more on production efficiency	4.17	.871	High performance
	21. Your company will emphasize more on product quality	4.53	.749	Very high performance
	22. Your company will emphasize more on reducing cost	3.79	1.007	High performance
	23. Your company will emphasize more on promotion policy	4.00	.809	High performance
	24. Your company will emphasize more on branding policy	3.96	.808	High performance

Table 4.7

Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")		Mean	Std. Deviation	Meaning of performance
Functional strategy (building competitiveness)	25. Your company will emphasize more on pricing policy	3.53	.992	High performance
	26. Your company will emphasize more on administration policy	3.74	.923	High performance
	27. Your company will emphasize more on human resources development policy	4.09	.741	High performance
	28. Your company will emphasize more on research and development policy	3.85	.864	High performance
	29. Your company will emphasize more on building low-cost structure policy	3.53	1.030	High performance
	30. Your company will emphasize more on building strong supply chain	3.70	.868	High performance
Total		3.91	.875	High performance

Analysis of the respondents on functional strategy from table 4.7 show that the overall level of functional strategy achieved by the consulting companies in the Lao PDR is in the high performance level ($\bar{X}=3.91$). Most consulting companies will emphasize more on product quality at the highest performance level ($\bar{X}=4.53$), whereas the functional strategy on pricing policy and building low-cost structure policy are in the lowest level ($\bar{X}=3.53$). Besides only one large size company will emphasize more on product quality at the highest score ($\bar{X}=5.00$), the companies registered under joint-venture and are managed by the Lao and foreign nationalities, will emphasize more on product quality as well ($\bar{X}=4.75$, table 4.8 below), in order to build competitiveness for the companies.

Table 4.8 Functional strategy and four main factors of company profile

Questions of Functional Strategy	Size-number of employee			Registration type				Nationality of company owner			MLCCA*	
	Under 19	20-99	More than 99	State-private	Private	Joint-venture	Other	Lao	Foreigner	Both Nationalities	Member	Non-member
19	3.96	4.04	4.00	4.25	4.00	3.75	4.00	4.11	3.75	3.75	4.28	3.75
20	4.18	4.17	4.00	4.25	4.12	4.25	4.50	4.08	4.42	4.25	4.04	4.29
21	4.54	4.50	5.00	4.50	4.46	4.75	5.00	4.49	4.58	4.75	4.40	4.64
22	3.82	3.75	4.00	4.50	3.85	3.25	3.00	3.89	3.67	3.25	3.84	3.75
23	3.86	4.17	4.00	4.75	4.02	3.25	3.75	4.05	4.08	3.25	4.12	3.89
24	3.79	4.17	4.00	4.25	3.95	3.75	4.00	3.89	4.25	3.75	3.92	4.00
25	3.50	3.54	4.00	4.25	3.41	3.50	4.00	3.73	2.92	3.50	3.68	3.39
26	3.68	3.79	4.00	4.25	3.61	4.00	4.25	3.76	3.58	4.00	3.68	3.79
27	4.11	4.08	4.00	4.00	4.07	4.25	4.25	4.19	3.75	4.25	4.16	4.04
28	3.68	4.04	4.00	4.25	3.76	4.00	4.25	3.86	3.75	4.00	3.84	3.86
29	3.57	3.50	3.00	4.25	3.54	3.00	3.25	3.57	3.58	3.00	3.48	3.57
30	3.54	3.88	4.00	4.00	3.63	3.50	4.25	3.70	3.75	3.50	3.68	3.71

* MLCCA = Member of Lao Consulting Company Association

Table 4.9 Analysis of the respondents on value creation factors

Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")	Mean	Std. Deviation	Meaning of performance
Quality	4.17	.702	High performance
Efficiency	4.15	.786	High performance
Innovation	4.07	.749	High performance
Customer Responsiveness	4.12	.639	High performance
Grand total	4.13	.719	High performance

As can be observed from table 4.9, most respondents pay attention to their value creation. All value creation factors achieved by the Lao consulting companies in the Lao PDR are at the level of high performance (\bar{X} =4.13). The majority of respondents

believe that they are good and highly performed in quality ($\bar{X}=4.17$), followed by Efficiency ($\bar{X}=4.15$), Customer responsiveness ($\bar{X}=4.12$) and last by Innovation ($\bar{X}=4.07$). Thus, the companies see that all four factors: quality, efficiency, innovation and customer responsiveness create value for developing their business slightly different.

Table 4.10 Analysis of the respondents on quality

	Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")	Mean	Std. Deviation	Meaning of performance
Quality	31. Your company's product/service quality complies with international standards	4.26	.763	Very high performance
	32. Your company's product/service quality is better than others	4.08	.675	High performance
	33. Your company's product/service quality meets the needs of your customers	4.21	.717	Very high performance
	34. Your service designs conform to your customer's perceptions and expectations	4.13	.652	High performance
	Total	4.17	.702	High performance

Looking at the mean score from the table 4.10, the overall level of quality by the consulting companies in the Lao PDR is in the high performance level ($\bar{X}=4.17$). Most respondents believe that their product/service quality complies with international standards ($\bar{X}=4.26$). The lowest mean score is for "Your company's product/service quality is better than others" ($\bar{X}=4.08$). The highest mean score ($\bar{X}=5.00$, table 4.11 below) was found with the companies registered under joint-venture and are managed by the Lao and foreign nationalities, due to their abroad experiences and joint know-how in the country, however the lowest score was found with the large-size companies and other type of company registration ($\bar{X}=4.00$).

Table 4.11 Quality and four main factors of company profile

Questions of Quality	Size-number of employee			Registration type				Nationality of company owner			MLCCA*	
	Under 19	20-99	More than 99	State-private	Private	Joint-venture	Other	Lao	Foreigner	Both Nationalities	Member	Non-member
31	4.14	4.42	4.00	4.25	4.22	5.00	4.00	4.16	4.33	5.00	4.32	4.21
32	3.86	4.33	4.00	3.50	4.12	4.75	3.50	3.95	4.25	4.75	4.08	4.07
33	4.29	4.13	4.00	4.00	4.22	4.50	4.00	4.24	4.00	4.50	4.20	4.21
34	4.14	4.13	4.00	3.75	4.17	4.50	3.75	4.16	3.92	4.50	4.20	4.07

* MLCCA = Member of Lao Consulting Company Association

Table 4.12 Analysis of the respondents on efficiency

	Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")	Mean	Std. Deviation	Meaning of performance
Efficiency	35. Your customer are satisfied with your company product/services	4.19	.735	High performance
	36. Your company products/services are efficient and productive	4.09	.861	High performance
	37. Your company strongly focuses on producing customer value	4.28	.744	Very high performance
	38. The cost of consultants match the quality provided	4.15	.770	High performance
	39. Your customers are willing to pay higher price for a better product/service	4.02	.820	High performance
	Total	4.15	.786	High performance

Table 4.12 above shows that the overall level of efficiency achieved by the consulting companies in the Lao PDR is in the high performance level ($\bar{X}=4.15$). Most consulting companies strongly focus on producing customer value at the very high performance level ($\bar{X}=4.28$), whereas they focus on "Your customers are willing to pay higher price for a better product/service" less than other factors ($\bar{X}=4.02$). The

registered state-private companies believe that their efficiency created on producing customer value (\bar{X} =4.50, table 4.13 below), whilst the other type of company registration have lowest and large-size companies have lowest Mean score (\bar{X} =4.00)

Table 4.13 Efficiency and four main factors of company profile

Questions of Efficiency	Size-number of employee			Registration type				Nationality of company owner			MLCCA*	
	Under 19	20-99	More than 99	State-private	Private	Joint-venture	Other	Lao	Foreigner	Both Nationalities	Member	Non-member
35	3.93	4.25	5.00	4.00	4.05	4.75	4.00	4.08	3.92	4.75	4.24	3.96
36	4.29	4.25	5.00	4.00	4.17	5.00	5.00	4.22	4.25	5.00	4.36	4.21
37	4.18	4.13	4.00	4.50	4.12	4.25	4.00	4.11	4.25	4.25	4.24	4.07
38	3.96	4.04	5.00	4.00	4.05	4.25	3.50	4.11	3.67	4.25	4.20	3.86
39	4.07	4.04	5.00	4.00	4.12	4.25	3.50	4.19	3.67	4.25	4.20	3.96

* MLCCA = Member of Lao Consulting Company Association

Table 4.14 Analysis of the respondents on innovation

Innovation	Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")	Mean	Std. Deviation	Meaning of performance
		40. Your consultants are professional in providing services to customers	4.19	.786
41. Your consultant's skills and knowledge are continuous upgraded	4.15	.841	High performance	
42. Your company develops new customers/market segment continuously	4.02	.693	High performance	
43. Your company develops high innovative product/services continuously	3.92	.675	High performance	
Total		4.07	.749	High performance

Looking at the mean score from table 4.14, that the overall level of innovation achieved by the consulting companies in the Lao PDR is in the high performance level ($\bar{X}=4.07$). Most consulting companies think that their consultants are professional in providing services to customers ($\bar{X}=4.19$), while the mean score of their factor “Your company develops high innovative product/services continuously” is less than other factors ($\bar{X}=3.92$). The companies registered under joint-venture and are managed by the Lao and foreign nationalities, convince that their consultants are professional in providing services to customers ($\bar{X}=4.75$, table 4.15 below).

Table 4.15 Innovation and four main factors of company profile

Questions of Innovation	Size-number of employee			Registration type				Nationality of company owner			MLCCA*	
	Under 19	20-99	More than 99	State-private	Private	Joint-venture	Other	Lao	Foreigner	Both Nationalities	Member	Non-member
40	4.04	4.38	4.00	4.25	4.17	4.75	3.75	4.05	4.42	4.75	4.20	4.18
41	4.00	4.33	4.00	4.25	4.07	4.50	4.50	4.08	4.25	4.50	4.24	4.07
42	3.89	4.17	4.00	4.25	4.00	4.00	4.00	4.05	3.92	4.00	4.08	3.96
43	3.89	3.96	4.00	3.75	3.95	4.25	3.50	3.92	3.83	4.25	3.96	3.89

* MLCCA = Member of Lao Consulting Company Association

Table 4.16 Analysis of the respondents on Customer responsiveness

	Variables & Questions (scale: 1" strongly disagree" to 5 "strongly agree")	Mean	Std. Deviation	Meaning of performance
Customer Responsiveness	44. Your customers are satisfied with your company's responsiveness and are retained	4.15	.601	High performance
	45. Your customers are satisfied with timeliness and are retained	4.00	.650	High performance
	46. Your customers are satisfied with superior quality of services and are retained	4.15	.601	High performance
	47. New customers are attracted with competitively superior offers and by delivering attractive value	4.00	.650	High performance
	48. Your company can provide total solutions for customers	4.15	.601	High performance
	49. Your company builds-up mutually trustful relationships with the customers on long-term basis (Customer Relationship Management – CRM)	4.25	.731	Very High performance
	Total	4.12	.639	High performance

From the table 4.16, the overall level of customer responsiveness by the consulting companies in the Lao PDR is in the high performance level ($\bar{X}=4.12$). Most respondents believe that their companies builds-up mutually trustful relationships with the customers on long-term basis (Customer Relationship Management – CRM) ($\bar{X}=4.25$), however they think that the factors “Your customers are satisfied with timeliness and are retained and New customers are attracted with competitively superior offers and by delivering attractive value” are less important than others factors ($\bar{X}=4.00$). The highest mean score ($\bar{X}=5.00$, table 4.17 below) was found by the companies registered under joint-venture and are managed by the Lao and foreign nationalities, due to their abroad experiences and connection to the international organisations, NGO and government agencies. However the lowest score was found with the large-size companies and other type of company registration ($\bar{X}=4.00$).

Table 4.17 Customer responsiveness and four main factors of company profile

Questions of Customer responsiveness	Size-number of employee			Registration type				Nationality of company owner			MLCCA*	
	Under 19	20-99	More than 99	State-private	Private	Joint-venture	Other	Lao	Foreigner	Both Nationalities	Member	Non-member
44	4.00	4.33	4.00	4.00	4.20	4.75	3.25	4.08	4.17	4.75	4.24	4.07
45	3.86	4.17	4.00	4.00	4.07	4.00	3.25	3.97	4.08	4.00	4.12	3.89
46	4.11	4.21	4.00	3.50	4.24	4.25	3.75	4.14	4.17	4.25	4.16	4.14
47	3.93	4.08	4.00	3.75	3.95	4.50	4.25	3.86	4.25	4.50	3.84	4.14
48	4.04	4.25	5.00	4.25	4.10	4.50	4.25	4.11	4.17	4.50	4.24	4.07
49	4.11	4.42	4.00	4.25	4.20	5.00	4.00	4.08	4.50	5.00	4.16	4.32

* MLCCA = Member of Lao Consulting Company Association

4.2 Hypotheses Analysis

The following part shows the 10 hypotheses testing results. The first six hypotheses were tested for relationship using ANOVA; the seventh by Independent Sample t-test, and the eighth to tenth were tested by Pearson Correlation.

Hypothesis 1

H₀: There is no difference between size of companies towards value creation factors

H_a: There is a difference between size of companies towards value creation factors

Table 4.18 Difference between company size towards value creation factors

ANOVA								
Value creation Variables	Under 19		20-99		More than 99		F	p-value
	Mean	S.D.	Mean	S.D.	Mean	S.D.		
Quality	4.07	.466	4.25	.676	4.00	.	.665	.519
Efficiency	4.21	.686	4.29	.550	5.00	.	.800	.455
Innovation	4.11	.497	4.46	.658	4.00	.	2.502	.092
Customer responsiveness	4.11	.416	4.42	.584	4.00	.	2.596	.085
Total	4.13	.516	4.36	.617	4.50		1.641	.288

Note: * $p \leq 0.05$

The p-value shown in the table ($p = 0.288$) is greater than 0.05, which means that the null hypothesis is accepted. Thus, there is no difference between sizes of companies towards value creation factors at the 0.05 significant level.

Hypothesis 2

H_0 : There is no difference between company revenue towards value creation factors

H_a : There is a difference between company revenue towards value creation factors

Table 4.19 Difference between revenue towards value creation factors

ANOVA								
Value creation Variables	Less than 400		Less than 1,000		More than 1,000		F	p-value
	Mean	S.D.	Mean	S.D.	Mean	S.D.		
Quality	4.12	.485	4.08	.572	4.36	.674	.994	.377
Efficiency	4.29	.588	4.16	.624	4.45	.688	.873	.424
Innovation	4.24	.562	4.28	.614	4.27	.647	.029	.971
Customer responsiveness	4.18	.393	4.24	.523	4.36	.674	.433	.651
Total	4.21	.507	4.19	.583	4.36	.671	.582	.606

Note: * $p \leq 0.05$

The p-value shown in the table ($p=0.606$) is greater than 0.05, which means that the null hypothesis is accepted. Thus, there is no difference between company revenue towards value creation factors at significance level of 0.05.

Hypothesis 3

H_0 : There is no difference between kinds of services towards value creation factors

H_a : There is a difference between kinds of services towards value creation factors

Table 4.20 Difference between kind of services towards value creation factors

ANOVA														
Value creation	BDS		PDM		HRD		RS		CIB		MF		F	p-value
Variables	Mean	S.D	S.D	S.D	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D		
Quality	4.20	.616	4.18	.529	4.07	.616	3.67	.702	4.05	.524	4.14	.690	.190	.903
Efficiency	4.20	.616	4.41	.507	4.29	.469	3.96	.806	4.00	.667	4.14	.690	1.423	.247
Innovation	4.10	.553	4.41	.507	4.36	.633	4.04	.690	4.16	.688	4.29	.488	1.115	.352
Customer responsiveness	4.10	.553	4.35	.493	4.36	.497	3.92	.717	4.32	.582	4.00	.577	1.158	.335
Total	4.15	.585	4.34	.509	4.27	.554	3.90	.729	4.13	.615	4.14	.611	.972	.459

Note: * $p \leq 0.05$

(BDS: Business Development Services; PDM: Project Development and Management, HRD: Human Resource Development, RS: Research and Survey, CIB: Capacity & Institution Building, MF: Moderation and Facilitation)

The table above indicates that the p-value ($p= 0.459$) is greater than 0.05, which means that the null hypothesis is accepted. Thus, there is no difference between kind of services towards value creation factors at the 0.05 significant level.

Hypothesis 4

H_0 : There is no difference between registration types towards value creation factors

H_a : There is a difference between registration types towards value creation factors

Table 4.21 Difference between registration type towards value creation factors

ANOVA										
Value creation Variables	State-private		Private		Joint-venture		Other		F	p-value
	Mean	S.D	S.D	S.D	Mean	S.D	Mean	S.D		
Quality	3.75	.500	4.22	.571	4.25	.500	3.75	.500	1.623	.196
Efficiency	4.25	.500	4.24	.663	4.25	.500	4.50	.577	.196	.899
Innovation	4.25	.500	4.29	.642	4.25	.500	4.00	.000	.285	.836
Customer responsiveness	4.25	.500	4.29	.512	4.25	.500	3.75	.500	1.377	.261
Total	4.13	.500	4.26	.597	4.25	.500	4.00	.394	.870	.548

Note: * $p \leq 0.05$

The significance level of 0.05 is less than the p- value given in the table ($p=0.548$), which means that the null hypothesis is accepted. Therefore, there is no difference between registration types towards value creation factors at the 0.05 significant level.

Hypothesis 5

H_0 : There is no difference between experiences towards value creation factors

H_a : There is a difference between experiences towards value creation factors

Table 4.22 Difference between experiences towards value creation factors

ANOVA										
Value creation Variables	Less than 3 years		3-5 years		6-10 years		More than 10 years		F	p-value
	Mean	S.D	S.D	S.D	Mean	S.D	Mean	S.D		
Quality	4.20	.447	3.92	.669	4.15	.587	4.31	.479	1.132	.345
Efficiency	4.60	.548	4.33	.651	4.15	.366	4.25	.856	.745	.531
Innovation	4.20	.447	4.17	.577	4.35	.671	4.25	.577	.259	.855
Customer responsiveness	4.40	.548	4.00	.603	4.25	.444	4.38	.500	1.429	.246
Total	4.35	.498	4.11	.625	4.23	.517	4.30	.603	.891	.494

Note: * $p \leq 0.05$

The significance level of 0.05 is less than the p- value given in the table ($p= 0.494$), which means that the null hypothesis is accepted. Therefore, there is no difference between experiences towards value creation factors at the 0.05 significant levels. On the other hand, the researcher observed that the different experiences in the company will create different values for the company.

Hypothesis 6

H_0 : There is no difference between Nationalities of the owner towards value creation

H_a : There is a difference between Nationalities of the owner towards value creation

Table 4.23 Difference between Nationalities towards value creation factors

ANOVA								
Value creation Variables	Lao		Foreigner		Both nationalities		F	p-value
	Mean	S.D	S.D	S.D	Mean	S.D		
Quality	4.14	.585	4.08	.515	4.50	.577	.849	.434
Efficiency	4.24	.641	4.17	.577	4.75	.500	1.397	.257
Innovation	4.22	.584	4.33	.651	4.50	.577	.509	.604
Customer responsiveness	4.16	.501	4.33	.492	4.75	.500	2.748	.074
Total	4.19	.578	4.23	.559	4.63	.539	1.376	.342

Note: * $p \leq 0.05$

Table above show that the significance level of 0.05 is less than the p- value given in the table ($p=0.342$), which means that the null hypothesis is accepted. Thus, there is no difference between Nationalities of the owner towards value creation factors at the 0.05 significant level.

Hypothesis 7

H_0 : There is no difference between Member and Non-Member of Lao Consulting Company Association towards value creation factors

H_a: There is a difference between Member and Non-Member of Lao Consulting Company Association towards value creation factors

Table 4.24 Difference between Member and Non-Member of Lao Consulting Company Association towards value creation factors

Independent Samples test						
Value creation	Member		Non-member		t-test	p-value
Variables	Mean	S.D.	Mean	S.D.		
Quality	4.16	.624	4.14	.525	.109	.914
Efficiency	4.44	.583	4.11	.629	1.990	.052
Innovation	4.28	.678	4.25	.518	.182	.856
Customer responsiveness	4.28	.542	4.21	.499	.460	.648
Total	4.29	.607	4.18	.543	.685	.617

Note: * $p \leq 0.05$

The significance level of 0.05 is less than the p- value given in the table ($p= 0.617$), which means that the null hypothesis is accepted. Thus, there is no difference between Member and Non-Member of Lao Consulting Company Association towards value creation factors at the 0.05 significant level.

Hypothesis 8

H₀: There is no relationship between value creation factors and corporate strategy

H_a: There is relationship between value creation factors and corporate strategy

Table 4.25 Relationship between value creation factors and corporate strategy

		Value creation factors	Corporate strategy (Investment and growth)
Value creation factors	Pearson Correlation	1	.373
	Sig. (2-tailed)		.006**
	N	53	53
Corporate strategy (Investment and growth)	Pearson Correlation	.373	1
	Sig. (2-tailed)	.006**	
	N	53	53

** . Correlation is significant at the 0.01 level (2-tailed).

The analysis of Pearson Correlation from table 4.25 above, shows a moderate positive relationship between value creation and corporate strategy as indicated by the Pearson Correlation Coefficient of 0.373, the significance value ($p=0.006$) is less than 0.01, which means the null hypothesis (H_0) is rejected. Consequently, the value creation factors are related to the corporate strategy (investment and growth).

Hypothesis 9

H_0 : There is no relationship between value creation factors and business strategy

H_a : There is relationship between value creation factors and business strategy

Table 4.26 Relationship between value creation factors and business strategy

		Value creation factors	Business strategy (the basis to compete)
Value creation factors	Pearson Correlation	1	.437
	Sig. (2-tailed)		.001**
	N	53	53
Business strategy (the basis to compete)	Pearson Correlation	.437	1
	Sig. (2-tailed)	.001**	
	N	53	53

** . Correlation is significant at the 0.01 level (2-tailed).

From the table 4.26 above, the significance value ($p=0.001$) is less than 0.01, which means the null hypothesis (H_0) is rejected at 0.01 significant level. Thus, the value creation factors are related to the business strategy (the basis to compete). From the moderate positive relationship by Correlation Coefficient of 0.437, researcher concluded that the more the consulting companies pay attention to business strategy as basis for competition, the more they will create the value for their business development and their customers.

Hypothesis 10

H_0 : There is no relationship between value creation factors and functional strategy

H_a : There is relationship between value creation factors and functional strategy

Table 4.27 Relationship between value creation factors and functional strategy

		Value creation factors	Functional strategy (building competitiveness)
Value creation factors	Pearson Correlation	1	.386
	Sig. (2-tailed)		.004**
	N	53	53
Functional strategy (building competitiveness)	Pearson Correlation	.386	1
	Sig. (2-tailed)	.004**	
	N	53	53

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.27 above presents also a moderate positive relationship between value creation and functional strategy by Pearson Correlation Coefficient of 0.386 and the significance value of 0.004 being less than significant level 0.01, thus the null hypothesis is rejected. The value creation factors are related to functional strategy (building competitiveness).

4.3 Summary of hypothesis testing results

The hypothesis testing from tables 4.18 to 4.27 is summarised as follows:

Null Hypothesis	Description	p-value	Results
H ₁	There is no difference between size of companies towards value creation factors	0.288	Accept H ₀
H ₂	There is no difference between company revenue towards value creation factors	0.606	Accept H ₀
H ₃	There is no difference between kind of services towards value creation factors	0.459	Accept H ₀
H ₄	There is no difference between registration type towards value creation factors	0.548	Accept H ₀
H ₅	There is no difference between experiences towards value creation factors	0.494	Accept H ₀
H ₆	There is no difference between nationality of company owner towards value creation factors	0.342	Accept H ₀
H ₇	There is no difference between Member and Non-Member of Lao Consulting Company Association towards value creation factors	0.617	Accept H ₀
H ₈	There is no relationship between corporate strategy and value creation factors	0.006**	Reject H ₀
H ₉	There is no relationship between business strategy and value creation factors	0.001**	Reject H ₀
H ₁₀	There is no relationship between functional strategy and value creation factors	0.004**	Reject H ₀

** . Correlation is significant at the 0.01 level (2-tailed).

4.4 Summary of respondent's suggestions

There are 29 respondents which equivalent to 54.7%, are answered to this open-ended questionnaire survey “suggestions for your consulting company’s business developments in the Lao PDR in order to fulfill customers’ demands and comply with international standards”.

In terms of product and services:

29 respondents, equivalent to 100 % of the respondents who answered to this open-ended question described their suggestions to this part as following:

- Basically, aim at providing the best service you can, give the customer more than what he wanted. In the case that you have committed a fault or an error, offer to correct the problem as quickly as possible at no extra charge even if it means that you ‘lose money’; admit, if necessary, that you were wrong.
- Opportunities are needed for firms; it is quite common that ODA funded projects are seeking the services of overseas firms, utilizing local consultants is rarely done although their fees are much lower than those of external experts –It is indispensable that companies improve their services in order to convince the ODA projects of their efficiency.
- Continuing to provide quality services to clients is essential, maintaining better quality of services to clients is crucial; client’s business satisfaction is the best goal to be reached.
- Provide consultancy services in Lao and the region; provide technical expertise and advice to clients in implementing projects; delivering quality –means also showing cost effectiveness.
- Awareness and promotion of the firm’s services and the quality and value that can be provided.
- Promotion of human resources and technical capabilities should be increased.
- improvement of law enforcement especially the commercial laws of Lao PDR

- conducting regular dialogue with customers in form of surveys and consultation meeting will help improve the quality and standard of services.
- the consulting organizer should be strongly focused on production or service designs according to customer's needs. The sampling and controlling of progress and success will be important and should be made evident during the consulting process.
- Quality assurance is the key to success and customer retention. There should be someone in the company to do quality checks on a regular basis. Quality-minded staff are a crucial asset and the focus on quality should be built into the company's culture; ascertain (verify) the needs of customers periodically.
- the goal of achieving international standard should be realized in conformity with the human and technical development needs of the Lao PDR.
- Set ambitious goals like product development, quality compliance with international standards; provide new products – make use of the Lao Job market on website. Screen capabilities of people trying to find work; post CVs on the website; provide recent information on economic outlook, labour market outlook.
- Build a strong social reputation to make brand known, as a consequence benefits will come to both sides.
- It is important to provide high quality service to clients. In Laos, since information is not always publicly available, it is important to collect information from various sources: government authorities, common practice etc.
- Continue developing, linking and coordinating with global markets, identify future fields of activities; analyze the trends like environmental protection, energy saving, measures and policies linked to global climatic change.

In terms of consultant's professionalism:

28 respondents, equivalent to 96.55 % of the respondents who answered to this open-ended question described their suggestions to this part as following:

- Do not hesitate to share techniques and/or requirements applied by international development partners with local service providers, especially LNCCI and/or Lao Consulting Association's members.
- Promote staff training in order to maintain quality services, respect and meet deadlines and satisfy client's expectations.

- Set your professional ambitions at being one of the pioneers in developing Lao's economy and contributing at your way to the improvement of the living standard of Lao People.
- develop and maintain good working relationships with fellow companies and clients.
- provide a friendly, challenging and promotional working environment for staff;
- Identify and promote accepted professional and ethic values.
- Develop strong analytical skills among Lao consulting teams, attract local and national talent.
- Enhance Lao consultant capacities.
- All fields of consultancy should legally establish their own sub-association for efficient cooperation and also training (HRD) especially upgrading or improving knowledge.
- Regular presentation, upgrading and training of new techniques and skills will expose the staff to new planning designs and best practices applied around the world, which will directly contribute to the professionalism of staff.
- improvement of law enforcement especially the commercial laws of Lao PDR
- conducting regular dialogue with customers in form of surveys and consultation meeting will help improve the quality and standard of services;
- the consulting organizer should be strongly focused on production or service designs according to customer's needs. The sampling and controlling of progress and success will be important and should be made evident during the consulting process.
- Quality assurance is the key to success and customer retention. There should be someone in the company to do quality checks on a regular basis. Quality-minded staff are a crucial asset and he focus on quality should be built into the company's culture; ascertain (verify) the needs of customers periodically.
- the goal of achieving international standard should be realized in conformity with the human and technical development needs of the Lao PDR.

- Set ambitious goals like product development, quality compliance with international standards; provide new products
 - Build a strong social reputation to make brand known, as a consequence benefits will come to both sides.
 - It is important to provide high quality service to clients. In Laos, since information is not always publicly available, it is important to collect information from various sources: government authorities, common practice etc.
 - Continue developing, linking and coordinating with global markets, identify future fields of activities; analyze the trends like environmental protection, energy saving, measures and policies linked to global climatic change.
 - Develop stronger knowledge for domestic consultants. Attract more talent to be part of the consulting team, activate.
 - Among consultants there should be no unfair competition or offer of a low cost product. This could lead to less efficiency and low productive qualities and an extended time frame for project completion, damaging the reputation of the consulting industry.
 - If possible consultants should receive specialized training in other countries since Lao institutions lack most resident information and are not yet recognized as meeting international standards.
 - “If you can’t perform the necessary work professionally, you shouldn’t be doing this job!” In the case where a service is required outside of the company’s knowledge and area of expertise, seek the best consultant to fulfil the work, even if it means not making much or any profit for that particular project or task.
 - Continuous learning and constructive feedback must be routine in a company. This helps every member to learn and improve to become a professional in his field.
 - Consultants’ professionalism is built up from experience and continuing technical and legal education. Consultant training can take place on the job in seminars or workshops offered on a regular basis by the LCCA.

The LCCA members as well as non members have many good ideas and make valuable statements on needs of development, training, efficiency but basically

lack financial and technical means for adjusting their services to the changing global conditions. Many factors affect the performance of the consulting companies, many sometimes not very precise expectations are presented by businesses operating in Lao PDR.

For obtaining government support through Ministry of Commerce, International organisations, cooperation within the consult industry, exchange with National University of Laos (NUoL), with client firms is necessary. Networking and choosing representatives of the LCCA in neighbouring countries (ASEAN) should be considered.

Chapter 5

Conclusion, Discussion and Recommendations

This chapter presents discussion, conclusion and recommendations that the researcher found during the study and took as the key directions and factors for business development strategies and for value creating in the consulting businesses. It's started with identifying the company profile, following by strategic directions and value creations factors and move further in explaining the relationships between them. Finally, the researcher will provide the own understanding of the research title and give some recommendations for further research. The details will be presented as follows:

5.1 Conclusion

5.2 Discussion

5.3 Recommendations

5.4 Suggestions for further study

5.1 Conclusion

The consulting companies in their function as the business consulting services are seen to be highly competitive and dynamic in the current economic environment in the Lao PDR. It was found in the study that value creation factors have positively relationship with strategic directions at moderate level. Thus, the different strategies for business development come to play important roles for gaining competitive advantages through the creation and improvement of their values. In conclusion, the consulting companies should pay more attention in developing their strategic directions at all levels including corporate level, business level, and functional level in order for them to have competitive advantages in the markets.

5.2 Discussion

The important result of the survey carried out by evaluation of 53 questionnaires and a number of email -, personal contacts and interviews of managers are the insight into structure and attitudes of the consulting industry of Lao PDR. There is no longer doubt in the entrepreneurial sector that outside analysis and advice on optimum business strategies is an indispensable tool for upgrading and streamlining of enterprises, be it in the field of economy or in the special field of consulting. More and more companies realize that internal monitoring and appraisal of the company's performance is not enough to operate successfully on the national markets. Access to the Internet and globally applied management and marketing methods become well-known and are considered and reflected upon concerning their value creation of Lao national business environment.

Finding of Company profile:

The survey covering 53 consulting firms reveals the one-sided structure of the industry which is dominated by SMEs (Small and Medium size Enterprises) which are characterized by a staff ranging from 1 to 99 employees (98.1%). They turnover amounts up to 1,000 million Kip (approx. 117,647 USD) annually. There is small number of very large companies with more than 99 employees (1.9%), a turnover more than 1,000 million. On the opposite side the number of SMEs but in part highly specialized consultant companies is total income of more than 1,000 million Kip same as large company. The size structure of enterprises is in part the result of the size of the market in landlocked Laos, but influenced also by the short period up to now when markets became liberated from State control. It reflects also the power structure on international markets dominated by bi-national agreements on technical assistance with project life times of several years and including a number of short-term experts dealing with very special aspects of project performance.

The kinds of services which have been operated by the consulting companies in the Lao PDR are segmented as following: research and survey (23.3%), business development and capacity & institution building (19.4%), program/project development and management (16.5%) and human resource development (14.6%).

The most consulting companies (77.5%) have been registered as private company, 68% of respondents have experiences in this business more than 6 years, 69.8% of company owners are Lao nationality, and most of respondents are not Member of Lao Consulting Companies Association which is equivalent to 52.8%.

Finding of strategic directions and Value creation:

The consulting companies in the Lao PDR see equally the importance of application of all the strategic directions including corporate strategies (Mean 3.89), business strategies (Mean 3.83) and functional strategies (Mean 3.91). These answers to the research questions and objectives (# 1 of 1.2 and 1.3 chapter I) indicate that the consulting companies applied all strategic directions in the Lao PDR for developing their business in order to respond more effectively to customer demands.

All types of the Consulting Companies in the Lao PDR pay particular attention on the creation of their values, such as Quality -Q (Mean 4.17), Efficiency - E (Mean 4.15), Innovation -I (Mean 4.07), and Customer responsiveness- C (Mean 4.12) in order to satisfy their customers. These answer to the research questions and objectives (# 2 of 1.2 and 1.3 chapter I) that the companies create all these four factor of values, QEIC that effected on their business development.

The difference between company profiles towards value creation factors:

As the results of the null hypotheses testing and as described above all the consulting companies in the Lao PDR have considered equally the importance of creating their values through the improvement of quality, efficiency, innovation and customer responsiveness. Thus, it could be concluded that there is no difference/ relationship between company profile (company size, annual revenue, kind of services, registration type, experiences, owner's nationality, Member of Lao Consulting Company Association) with respect to value creation factors. In other words, these types of company perceive the significance of quality, efficiency, innovation and customer responsiveness more or less in the same way.

Evidently, according to statistical analysis no difference in opinion of company profile was found to exist between experience in the business towards quality, efficiency, innovation and customer responsiveness. It was not possible to verify these results but common sense would suggest that experience in business would be a powerful qualitative parameter for consulting to customer relationship.

Relationship between strategic directions and value creation factors:

In regard to the relationship between the company strategic directions (corporate strategies, business strategies and functional strategies) and company value creation (quality, efficiency, innovation and customer responsiveness), the researcher could conclude that

(1) There is a positive relationship between the corporate strategies and company value creation at moderate level; it can be interpreted that Company managers pay particular attention to the corporate strategies in order to create the company value as discussed in the Chapter II, Company managers who involve directly in the corporate strategies are responsible for creating value through their businesses, ensuring that the businesses are successful over the long-term and developing business units (Henry Mintzberg and James Brian Quinn, 1996). For instance, at corporate level, the consulting companies have tried to penetrate existing markets, i.e. ODA financed projects which have rarely used their services due to the low quality of services by developing their services to meet the international quality standards which demanded by the ODA financed projects. In other word, the consulting companies have been and are willing to invest more in order to develop their products and markets to meet the demands of their customers.

(2) The result of analysis showed a positive relationship between the business strategies and company value creation at moderate level. The researcher could conclude that the Consulting Companies pay attention to the business strategies in order to create the value for all stakeholders. As Hitt, Ireland and Hoskission (2003), confirmed in the previous section that value is created by a product's low cost, by its highly differentiated features, or by combination of low cost and high differentiation of the business strategies, compared to competitor's offerings. Thus, the business strategies will be the basis for the company to gain competitive advantages. For instance, at business level, by considering the segments of kinds of services provided by the consulting companies as described above and the nature of markets in the Lao PDR, they have applied three different business strategies which including product differentiation, i.e. they provide the services differently; first more as the basis to gain market share as the market is small; and focus on specific services by differentiating their products from that of their rivals.

(3) The analysis has shown a positive relationship between the functional strategies and company value creation at moderate level. Thus, it can be interpreted that the successful consulting companies pay precisely attention to functional strategies in order to build competitiveness and create value. Similar result was achieved in study of Christofer Bachman, Risto Sallinen, 2004, indicated that value in the process consultancy business is created in interaction and that it is co-produced or co-created with customers. As has been discussed in the previous section, to create value and gain competitive advantages, the consulting companies need to have a considerable pool of intangible resources such as human resources: knowledge, trust, managerial capabilities, organizational outlines; innovation resources: ideas, scientific capabilities, capacity to innovate; reputation resources - reputation of reliability with customers, brand name, perceptions of product quality, durability and reliability for efficient, effective, supportive and mutually beneficial interactions and relationships (Hitt, Ireland and Hoskission, 2003). For instance, at functional level, the consulting companies have focused on the market development and penetration through the production development to improve the project's quality and efficiency and the development of human resources to improve the delivery of services or the quality of services.

Therefore, the awareness among managers of consulting companies in the Lao PDR are increased that they need upgrading and continuous training of staffs and developing strategies in order to close the capacity gap to the larger, internationally operating consulting industry.

5.3 Recommendations

As a result of the structural analysis, the following suggestions are recommended for the consulting companies in the Lao PDR to apply the strategic directions in order to build and improve their value (quality, efficiency, innovation and customer responsiveness) to have competitive advantages in the markets:

At corporate level, the companies should focus on increasing "investment in the business", "developing products", "developing and penetrating markets" as the first priority strategic option; and "diversifying markets and products", "outsourcing

and alliancing with rivals” and “stabilizing the product lines” as the alternative strategic option.

At business level, the companies should focus on differentiating the products and going for the “first move” as the first priority strategic option; and “focusing on market segmentation” and “providing low cost” as the alternative strategic option.

At functional level, the companies should focus on “improving product quality”, “improving product efficiency”, “improving human resource development policy”, “emphasizing on marketing activities and new segment”, and “emphasizing on promotion policy” as the first priority strategic option; and emphasizing on “branding policy”, “R&D policy”, “administration policy”, “building strong supply chain”, “pricing policy”, and “building low cost policy” as the alternative strategic options.

Besides above recommendations, the consulting industry shall pay also attention on change management in which they always upgrade their experts through trainings, workshops in the regional as well as international consulting industry environment (Åsa Arencrantz and Anna Bergdahl, 2000) in order to gain more knowledge’s and experiences and can adjust to the new economic development and the company can be sustained and ongoing growth.

Government-Industry cooperation in the field of consulting potential is a much needed step for reaching internationally recognized quality standards through efficient support by the Lao Government and international agencies working in Lao PDR.

Therefore, the awareness among managers of consulting companies in the Lao PDR increased that they need upgrading and continuous training of staff and strategies in order to close the capacity cap to larger, internationally operating consulting industry.

5.4 Suggestions for further study

Further studies that possibly will be conducted in the near future, shall consider the following aspects to obtain better understanding about the topic:

1. The research was only focusing on the side of the consulting companies, not their customers. Therefore, further study shall focus also on the consulting company's customers in order to understand about their perceptions and satisfactions towards the services of Lao consulting companies.

2. The other research with related topic shall study more on other factor, such as how is the service of independent consultants/experts, international experts effect to the consulting companies business.

3. Due to Lao economic is in the growing stage, the other study shall be done at least in the next four year in order to know how is expanding and whether Lao consulting company services and products are meet the international standards.

4. Study problems of global significance like energy saving strategies and technology, possibilities of solar and wind energy installations in Lao PDR, management of fresh water resources in the context of rural development , human water needs, irrigation for rice cultivation, evaluation of technical reports, UN and national strategies in rural development, all this as a future-oriented development and consulting.

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APPENDIX

APPENDIX A
Questionnaires

Questionnaires

Date:...../...../2009

Study Title “Strategies for Business Development of Consulting Companies in the Lao PDR”

I am a student of the School of Management Science, Sukhothai Thammathirat Open University (STOU), in Bangkok, Thailand. I am currently conducting the study on “Strategies for the Business Development of the Consulting Companies in the Lao PDR” to fulfill requirements related to my master study. In order to conduct this study successfully your contribution to answer the following questions is very important and valuable for this purpose. So, I will very much appreciate if you could spare your valuable time to answer the said questions. In addition I can fully assure you that the information obtained from you will be kept confidential and used for the purpose of this study only.

Part 1: Company profile

Please select *only one answer* by using \surd in the box or fill your answer in the blank:

1. Size – number of employees in your company

<input type="checkbox"/> Under 19	<input type="checkbox"/> 20-99	<input type="checkbox"/> more than 99
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2. Revenue per year in Million Kip

<input type="checkbox"/> Less than 400	<input type="checkbox"/> less than 1.000	<input type="checkbox"/> more than 1.000
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3. Kind of services (*can select more than one*)

<input type="checkbox"/> Business Development Services	<input type="checkbox"/> Program/Project Development and Management
<input type="checkbox"/> Human Resource Development	<input type="checkbox"/> Research and Survey
<input type="checkbox"/> Capacity & Institutional Building	<input type="checkbox"/> Moderation and Facilitation
<input type="checkbox"/> Other, please specify.....	

4. Registration type
 State-private Private Joint-venture
 Other, please specify
5. Experiences in this business
 Less than 3 years 3-5 years 6-10 years More than 10 years
6. Nationality of company owner
 Lao Foreigner Both
7. Member of Lao Consulting Company Association
 Yes No

Part 2: Strategies Utilized

Please indicate the rating to which you agree/disagree with the following Statements:
 (Please check √ in the as one answer in the following scale: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5= strongly agree

Strategies Level	Scale				
	5	4	3	2	1
Corporate strategies (Investment and growth)					
8. Your company will put more investment into consulting business for certain					
9. Product development will be your alternative strategies					
10. Market development will be your alternative strategies					
11. Market penetration (using same product in the same market) will be your alternative strategies					
12. Diversification will be your alternative strategies					
13. Stability and/or Retrenchment (withdrawal product line) will be your alternative strategies					
14. Outsourcing and alliance will be your alternative strategies					
Business strategies (the basis to compete)					
15. Your company will provide Service "Differentiation" as the basis to gain market share					
16. Your company will provide "low cost" alternative as the basis to gain market share					

Strategies Level	Scale				
	5	4	3	2	1
17. Your company will position as a focuser (serving small market segment) as the basis to compete					
18. Your company will try to go for a “first move” as the basis to gain market share					
Functional strategies (building competitiveness)					
19. Your company will emphasize more on marketing activities and new segments					
20. Your company will emphasize more on production efficiency					
21. Your company will emphasize more on product quality					
22. Your company will emphasize more on reducing cost					
23. Your company will emphasize more on promotion policy					
24. Your company will emphasize more on branding policy					
25. Your company will emphasize more on pricing policy					
26. Your company will emphasize more on administration policy					
27. Your company will emphasize more on human resources development policy					
28. Your company will emphasize more on research and development policy					
29. Your company will emphasize more on building low-cost structure policy					
30. Your company will emphasize more on building strong supply chain					

Part 3: Value Creation

Please indicate the rating to which you agree/disagree with the following Statements:
 (Please check in the as one answer in the following scale: 1 = strongly disagree,
 2 = disagree, 3 = neutral, 4 = agree, 5= strongly agree

Value Creation	Scale				
	5	4	3	2	1
Quality					
31. Your company's product/service quality complies with international standards					
32. Your company's product/service quality is better than others					
33. Your company's product/service quality meets the needs of your customers					
34. Your service designs conform to your customer's perceptions and expectations					
35. Your customers are satisfied with your company product/services					
Efficiency					
36. Your company's products/services are efficient and productive					
37. Your company's strongly focuses on producing customer value					
38. The cost of consultants match the quality provided					
39. Your customers are willing to pay higher price for a better product/service					
Innovation					
40. Your consultants are professional in providing services to customers					
41. Your consultant's skills and knowledge are continuously upgraded					
42. Your company develops new customers/market segments continuously					
43. Your company develops highly innovative product/services continuously					
Customer responsiveness					
44. Your customers are satisfied with your company's responsiveness and are retained					
45. Your customers are satisfied with timeliness and are retained					

Value Creation	Scale				
	5	4	3	2	1
46. Your customers are satisfied with superior quality of services and are retained					
47. New customers are attracted with competitively superior offers and by delivering attractive value					
48. Your company can provide total solutions for customers					
49. Your company builds-up mutually trustful relationships with the customers on long-term basis (Customer Relationship Management – CRM)					

Part 4: Suggestions for your consulting company’s business developments in the Lao PDR in order to fulfil customers’ demands and comply with international standards:

In term of product/services

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In term of consultant’s professionalism

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Thank you very much for your kind cooperation

APPENDIX B

List of consulting companies returned questionnaires

List of consulting companies returned questionnaires

No	Companies name
1	A.C.E Consultancy Co., Ltd
2	ACCMIN Consulting & Services Co., Ltd
3	Asia Pac Consulting (Lao) Co., Ltd
4	Blue Grass Design Co., Ltd.
5	Bomasis Consultant Co., Ltd
6	BSC Co., Ltd
7	Burapha Development Consultant Co., Ltd
8	Bureau d' Etudes Lao
9	Champa Lao Development Consulting Co., Ltd
10	Consultant for Investment Co., Ltd
11	EBIT Consultancy Co., Ltd
12	EKPANYA PATTANA GROUP
13	Emerging Markets Consulting Co., Ltd
14	Enterprise Development Consultants Co., Ltd (EDC)
15	Europe Continent Lao
16	Fawatthana College of Technology
17	Financial-Banking and Capacity Building Consulting Company Limited (F.B.CaB Consulting Co.; LTD)
18	INC Co., LTD
19	KP Consultant Co. ltd
20	Lao – India Entrepreneurship Development Center (LIEDC)
21	Lao Alliance Consultants Co., Ltd
22	Lao Consulting Group
23	Lao Management and Development Consultants Co., Ltd.
24	Lao Service Consultants Co., Ltd
25	Lao-German Co., Ltd
26	LS Horizon (Lao) Co., Ltd
27	LTEC - Lao Transport Engineering Consulting
28	Mek Consultants Co., Ltd
29	Mekong Law Group (Laos) Co., Ltd
30	Mekoxab Consultant Business Co., Ltd
31	Micro Info Co., Ltd
32	Microfinance Training Center (MFC)

No	Companies name
33	Mixai Techno Engineering & Consulting Co., Ltd
34	National Consulting Co.,Ltd
35	NK L Co., Ltd
36	Norconsult International (Laos) Co., Ltd
37	NOVOTEC Consultants-Engineers-Architects
38	NSV Computer Co., Ltd
39	Polen Law Consulting and Financing Co.LTD
40	PriceWaterhouseCoopers (Lao) Limited.
41	Rural Research and Development Training Center (RRDTC)
42	S.T.S Consultants Co., Ltd
43	Sangkitti Viengkeo Ratvong Consultant Co., Ltd
44	SBL Co., Ltd
45	Setha Business & Administration College
46	SK Consultants
47	SMED- Société Mixte d'Etude et de Development
48	State Enterprise for Survey Design and Construction Material Laboratory (SDMT)
49	S-T-S consultants Co., Ltd
50	Terran GIS Co., LTD
51	Unity Management School
52	Vientiane GEOMATIC Services Co., Ltd
53	Vientiane International Consultants Co., Ltd

BIOGRAPHY

Name	Ms. Pamouane Phetthany
Date of Birth	19 March 1968
Place of Birth	Champasack Province, Laos
Education	1995, graduated from University of Applied Sciences, Berlin, Germany, with Bachelor degree of Business Administration, majoring in Finance and Investment.
Experiences	<ul style="list-style-type: none">- 1996 – April 2007, worked as Office manager and accountant for Vientiane Regional Office of Mekong River Commission (MRC) and German Technical Cooperation (GTZ) Programme.- Since May 2007, has working as Human Resources Manager at GTZ Office Vientiane – Lao-German Cooperation.