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### Development of Legal Service Business Models in Lao PDR

Sengsouvanh Chanthalonnavong<sup>1</sup>, Patcharaporn Limpiaungkanun<sup>2</sup> and Siriphan Jureema<sup>3</sup>

<sup>1</sup>Faculty of Business Administration, North–Chiang Mai University, Thailand. Email: [nculaodba@gmail.com](mailto:nculaodba@gmail.com)

#### ABSTRACT

This article presents the conceptual framework for developing legal service business models in Lao PDR with the aim of studying potential guidelines and development of legal service business models in Lao PDR in order to have effective legal counsel services and correct protocol based on business management principles. This study employed a qualitative research processes and in-depth interviews to accompany qualitative research by specifying the population and sample group for use in this study divided into two groups. In addition, the samples were sampled by purposive sampling based on the researcher's decisions. Sample characteristics were in accordance with research objectives such as legal experts, judges, attorneys and academics/professors and the researcher interviewed the entrepreneurs at legal consultant companies in Lao PDR.

The findings of this study can be modified to develop legal service business models in Lao PDR. This study raises awareness of needs among legal consultant service providers in Lao PDR and a model for developing legal service business models in Lao PDR.

**Keywords:** Business Models/Legal Service Provision/Lao PDR.

#### 1. INTRODUCTION

The People's Democratic Republic of Laos has grown with greater foreign investment. Interesting factors include abundant Laotian natural resources and a large labor pool, inexpensive labor costs or skilled labor and Laotian geographic capacity linking southern China and Vietnam (Janwitan, 2014). Nevertheless, investment in Lao PDR involves a major condition required of investors, which is to employ Laotian citizens first, except in cases with a need to employ skilled foreign labor. The company will also need to develop and raise the work capacity of Laotian labor. In addition, working in Laos requires visas and work permits. In investing in the People's Democratic Republic of Laos, businessmen need to understand the

law and use legal professionals from Lao PDR in order to comply with investment regulations and create benefit for both parties.

Under the ASEAN Economic Community, the legal profession has not been opened for free movement. However, the legal profession and legal professionals will always follow investment in two forms. The investor can come to open offices and employ local legal professionals or the host country can create a local office with a local head and employ foreign legal professionals, which will have methods for protecting the legal profession such as by not applying the word “Lawyer” to foreign legal professionals or requiring foreign legal professionals to work alongside local legal professionals, etc. (Rotjanametakun, 2012).

Therefore, the fact that investors are investing in the People’s Democratic Republic of Laos during this excellent period of growth is a good opportunity at the right time. Businesses with a future in Laos consist of the following:

- Construction businesses and industries because the People’s Democratic Republic of Laos is in a period with many constructions and public utility developments. Furthermore, Laos will be building more large conference centers to support international conferences.
- Beauty businesses (goods and services).
- Health products.
- Consumer goods.
- For tourism businesses, Thai tourism connections with Laos are proposed because the Laotian government organized a “Visit Laos Year” in 2011.
- As for recommendations for Thai businessmen, priority markets are first in Vientiane before expanding to other cities with capacity such as Luang Prabang, Pakse and Sawannakhet.
- In the area of business direction and opportunities, businesses should be businesses or investments that conserve natural resources and environment free from conflicts with good Laotian culture. Nevertheless, investments in Laos continue to have limitations, problems and obstacles such as the following:
  - Need for knowledge of Laotian business/investment rhythms. Laotians will not rush into business with trading partners but will study trading partners until they are sure.
  - Need for knowledge regarding business/investment to enter Laos. Need for knowledge regarding channels of contact such as knowledge that license requests are ordered from the party at the top downward before ending at the Ministry of Foreign Affairs. Therefore, license requests have to be carried out at the capital and sub-district levels. For example, when requesting land concessions for investment, investors are required to contact both the sub-district and the Ministry of Industry and Commerce because approval comes from the sub-district to central authorities and from central authorities to the sub-district.
  - In negotiating with Laotian businessmen, Laotian businessmen may not mention real problems. Real obstacles may be in the areas of investment or inadequate technology, but Laotian businessmen may state that problems are policy problems. Businessmen/investors have to

determine the real problems in order to solve obstacles and lead to joint business ventures in order to confirm respect for sovereignty and not interfere in each party's internal affairs together with peaceful solutions for conflicts. Therefore, before operating a business or company to invest in Lao PDR, investors need to make legal examinations, including the possibility of compliance with laws related to the business and traditions in business operations in Lao PDR in addition to calculating benefits and commercial investment cost-efficiency in order to prevent potential errors and damage during the founding of a company.

Therefore, the researcher recognizes the importance of joint investments between foreign investors and investors in Lao PDR to generate maximum benefit for both parties. The researcher recognizes opportunities for opening legal offices because, with more foreign investment, more foreigners will work in the country. Therefore, legal consultants have an important role and opportunity for operating in the business of a legal consultancy. Because the researcher recognizes the importance of this issue, the researcher has studied and researched concepts, theories and relevant findings on the development of legal service provision business models in the People's Democratic Republic of Laos, which has never been studied before, in order to benefit the organization, society and the country in the future.

**Objectives:**

1. To study feasible guidelines and legal service business models in the People's Democratic Republic of Laos.
2. To study weaknesses in order to modify legal service business models in the People's Democratic Republic of Laos.

**Question:** What business models or legal service companies are effective in working in Lao PDR?

**Expected Benefits:**

1. Awareness of needs and desires of legal consultancy service providers in the People's Democratic Republic of Laos.
2. Development of models and examples of legal service businesses in the People's Democratic Republic of Laos.

**Literature Review**

Many business operations may encounter criteria and laws requiring permission to operate the business, which will require knowledge of legal clauses to prepare documents, explanations and coordinate. Sometimes, experts may be needed to advise and recommend guidelines of practice in addition to working to achieve success such as legal consultation, legal actions and contracts. Therefore, legal service business model development requires many components such as service business management, legal service businesses and business models.

**Service Business Management Concepts and Theories**

Chaoprasert (2010: 18) defined "service" is business's activity in the process of delivering intangible goods to service recipients, whereby intangible goods have to respond to the needs of service recipients in order

to lead to satisfaction. Lovelock and Wright (2002) explained services as a reaction or operation proposed by one party to other parties. Although the process may be tied to goods, the operation is invisible, cannot be felt and cannot be possessed. Service is an economic activity to create value and procure benefits for customers at specified times and places or almost immediately where that service is provided. Chalermjirawat (2002: 28) defined service as something that is very hard to touch and items that are easily deteriorated. Service is made and delivered to service users to use the service immediately or almost immediately when that service is provided.

According to concepts and theories, the researcher summarizes herein that service enterprises are businesses that exchange intangible goods with models responding to customer needs in the area of satisfaction and expectation because service success is dependent on satisfaction, which is a feeling without measuring units. Therefore, the definition of the word “service” is dependent on efforts to explain and create the same understandings.

## **Legal Service Provision Business**

### **1. Business Legal Services**

Legal service provision businesses are composed of providing legal consultation and recommendations, system planning, contract drafting and preparation of legal documents in addition to providing legal services for other businesses as follows:

1. **Company Partner Law and Investment:** This consists of providing legal consultation, preparation of documents or contracts related to partnership and company limited registrations, requests for investment support, requests for permission to build factories and industrial estates, requests to expand factories and industrial estates, commercial registration and termination of juristic persons, audits, registration of changes to juristic persons, juristic person status checking services, document certification selection, value-added tax registration, special business tax and taxpayer card requesting services, etc.
2. **Thai Intellectual Property Law:** This is composed of the filing of petitions to register trademarks, patents and petty patents, objections to trademark registration requests and similar or copied patents, legal consultation and actions to protect benefits from every type of intellectual property such as trademarks, copyrights, patents and petty patents, preparation of contracts to permit the use of trademarks, copyrights or patents.
3. **Labor Law:** This is composed of providing legal advice and preparation of work regulations, the establishing of compensation funds, social security funds, provident funds, consultation and prosecution of labor cases and other work related to labor laws.
4. **Real Estate Law:** This is composed of legal services provision for land development projects, housing allocation projects, condominiums and other real-estate including contracting and construction businesses, preparation of condominium juristic person regulations, village juristic persons, condominium registrations, care and management of benefits related to real-estates, representation to request licenses, land allocation, land trade, land surveys and registration of legal rights related to every type of real-estate, etc.

5. **Litigation:** This is composed of basic consultation in litigation, litigation service provision in civil, criminal and administrative cases including execution of cases.

## **2. Types of Legal Services**

According to studies of legal services in Lao PDR, different types of legal services are categorized with the following details for each type of service:

1. Legal Services for Foreigners; Work permits, Business license, Visas and requests to stay in country. Citizenship.
2. Family and Inheritance Legal Services; Marriage laws, Divorces, Monetary support, Adopted children, Testaments, The appointment of executors of wills and guardianship of minors, Adoption requests, Representation in matters of inheritance.
3. Labor Legal Services; Consultation regarding preparation of work regulations and other regulations required by labor laws, Consultation in negotiations to reconcile labor disputes, Other services consistent with labor laws.
4. Contract Services; Sale contracts, Rental contracts, Mortgaging Contracts, Share transfer contracts, Employment contracts, Work contracts, Labor employment contracts, Agent contracts, Validity examination of various contracts and agreements.
5. General Legal Services; Consultation and preparation of legal documents for various businesses, Legal document and government document translation services, Consultation in drafting contracts and representing negotiations to make contracts and examine/revise clauses of contracts in compliance with the specifications of the law, Execution of cases and follow-up of debts, investigations into debtor properties, actions to execute cases and seize properties.
6. Real-estate Business Services; Requests for permission to trade in land, Requests for permission to allocate land, Requests for permission to register condominiums and condominium juristic persons, Valuation, land and structure compensation appeals in real-estate expropriations.
7. Legal Consultation Services; Provision of legal consultation and information of laws related to businesses, legal opinions and recommendations to examine drafts of contracts and revise in addition to offering advice for various contract drafts and delivery of new laws related to businesses.
8. Prosecution Services; provision of services for the public who wish to prosecute cases in administrative courts
9. Information Technology Legal Consultation Services; Provision of consultation services related to information technology laws in cases of copyright violations or disputes related to information technology laws.
10. Company Founding Registration; Provision of services for registering the founding of companies in addition to requesting taxpayer numbers and registering value-added tax, including services in registering new companies (limited company registrations) to open companies.

## **Business Model**

Na-Ayudhaya (2016) stated business models are used for a variety of purposes. Some business models were for studying weaknesses in conventional organization environments to make improvements and some for developing new and different business models. The author studied and collected models for viewing and use to further business. Additional business models can be studied from Business ModelGeneration.com with the following business model patterns.

1. Un-Bundling is for large businesses with conflicts of interest. Each part of the company can continue to compete and generate income with a variety of bases and work structures such as customer relations, research and development. Therefore, this model is used by unbundling businesses into parts capable of competing independently before separating the agency to establish a new company. Businesses in this industry include telecommunications and banking such as AIS, SCB and Grammy.
2. The Long Tail model is for 24-hour businesses without stock, product shelves or large amounts of goods. Goods are ordered as suitable for sales businesses that are not outstanding with the desire to sell for the majority without ability to compete in conventional markets or larger businesses. The model is used by presenting goods and services via online media to reach online customers without an emphasis on quantitative sales while focusing on the number of buyers such as e-bay, You Tube and Lego.
3. Multi-Sided Platforms have multiple parties involved. One party gives and the other party receives by relying on middlemen to manage the relationship, leading to the creation of social networks that help generate revenue and profit. This model is implemented by entering the business as middlemen to connect a group of individuals and present the value of goods and services among groups for business benefits such as VISA, Google, social projects such as forest planting.
4. The Free Business Model is highly popular, especially among people who want basic goods and services. However, additional payment will be required for superior services. The Free Business Model is suitable for businesses requiring a large customer base such as advertisement businesses, businesses that emphasize the sale of supplemental products (luxury goods) rather than mainstream goods (durable goods). Model implementation requires presentation of value in the form of free goods or services to target groups such as Gillette, SKYPE, SE-ED and True Vision.
5. Open Business is the implementation of knowledge from external organizations in the company (Outside In) and implementation of knowledge to develop or transfer knowledge to external organizations (Inside Out). This requires the process of accepting know-how from external organizations to enhance the capacities of primary businesses such as educational institutes, outsourcing companies or know how buyers such as P&G.
6. Group Buying is negotiation with sellers for discounts of goods and services under the desired minimum number of “Deal of the Day” customers without paying for advertisement until deals are sold. This model is appropriate for starting businesses that are not ready to pay advertisement fees because goods are not sold. This model needs allies that are ready to negotiate under specified conditions such as Groupon.com, Ensogo.com and Kaidee.com.

7. The Value Creation Model seeks the true value of original goods and services by expanding values that can answer customer questions to generate extra revenue without allowing the business to terminate operations due to inadequate business models such as Thailand Post Co., Ltd. or Thai OTOP goods.
8. Customer Focus speaks for itself in that any business using this model will need to emphasize services at every starting point from sales employees to post-sale services until customers to create maximum satisfaction among customers and provide full services. Thus, customers such as AIS Serenade and Wutisak Clinic are willing to pay.
9. The Innovation model is a model for businesses emphasized on creating new innovations to compete in the market. Innovations may be obtained by purchasing from research companies or R&D such as Apple or Samsung.
10. Social Responsibility Model is used to create good organization image in customers' eyes. However, every department in the organization will have to link customers, employees, communities and all stakeholders. Examples include PTT, SCG and CP.
11. The Quality Model used by any company considers quality and reputation first. In this model, brand image is created to be above customer expectations such as Louis Vitton, Gucci and Fly Emirates.
12. Efficiency creates higher returns and profit from cost reduction and production waste reduction efficiency while increasing income by increasing customer response speed with emphasis on production by using resources cost-effectively and finding production allies such as Toyota and Fedex.

In conclusion, all of the aforementioned Business Models can be used by a single organization on every platform depending on how effective the organization is after new business model presentation.

## **2. METHODOLOGY**

This qualitative research of development of legal service business models in Lao PDR had the following steps:

1. This research studied documents and research related to the development of legal service provision business models and business model creation before creating open-ended questions.
2. In-depth interviews were employed to accompany qualitative research by specifying the population and the sample group of this study and dividing the population into two groups before selecting the samples by purposive sampling. Sampling was considered by the researcher's own judgment. Sample group characteristics met the research objectives such as legal experts, including 20 judges, attorneys and legal academics/professors along with interviewing 10 legal consultation company entrepreneurs in Lao PDR.
3. This study created models for developing legal service provision business models in Lao PDR before presentation to experts in developing legal service provision business models for consideration of model approval to use for future benefits.

## Conceptual Framework

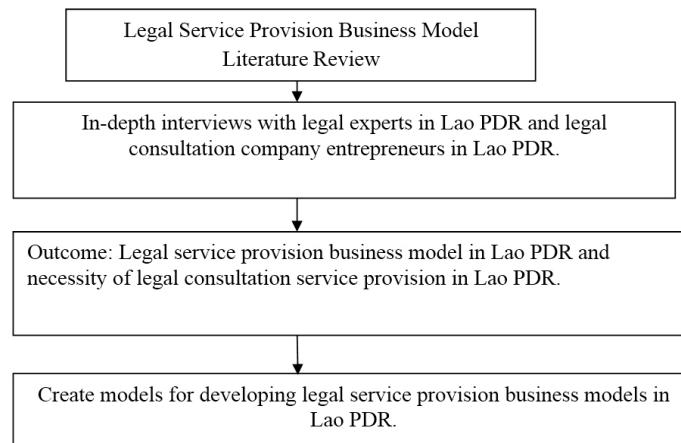


Figure 1: Plans and Expected Outcomes

## 3. CONCLUSION AND DISCUSSION

Service businesses need to take responsibility for customer feelings with greater importance in the era of globalization. In current service business operations, services should focus on quality in the area of providing services above customer expectations. Thus, service businesses will be able to create good feelings and impressions among customers in any case. If customers encounter problems and become dissatisfied with services, service providers are required to make corrections immediate without delay. For example, legal consultancy companies have to focus on service provision especially in the areas of welcoming employees, legal consultants and service operators. Each step of service provision needs to be according to scheduled dates, times and places, which are important factors that are the responsibility of service providing companies. Furthermore, legal consultant companies have to self-develop continually to gain customers' trust in order to achieve maximum success.

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