

Innovation and SMEs' Performance: The Case of Lao PDR

Chansamone Vongphaisit

Deputy Director, Enterprise Development Research Institute, Lao Academy of Social and Economic Sciences (LASES), Lao PDR

This presentation aims to provide the main findings of the study on the factors affecting innovation in small and medium-sized enterprises (SMEs) and on the effect of innovation on SMEs' performance in Lao PDR. The study employs the panel data from the World Bank Enterprise Survey (WBES) for Lao PDR. The study suggests that the SMEs with innovation tend to perform better than SMEs without innovation. The study further finds that the positive effect on firm performance mainly comes from the improvement of existing products, an important type of innovation in SMEs. Regarding policy related to promote innovative activities in SMEs, the incentives regime should be in place.