The Doing Business Report 2015

THE LATEST OF THE WORLD BANK’S ANNUAL REPORTS ON DOING BUSINESS HAS RECENTLY BEEN PUBLISHED AND THE RESULTS FOR THE ASIAN REGION (WHICH INCLUDES THE PACIFIC AND THE ARAB STATES FROM THE IOE AND ILO DEFINITIONS) ARE WORTH REVIEWING.

The Doing Business Report measures regulations affecting the ease of doing business in specific countries using current data.

The “East Asian Miracle” and increased growth in emerging economies

THE EAST ASIAN MIRACLE AND THE INCREASED GROWTH OF THE EMERGING ECONOMIES OF INDIA AND CHINA HAVE NOT ONLY RAISED FURTHER QUESTIONS ON THE FACTORS BEHIND THEIR SUCCESS, BUT SEEM TO EXTEND PROGRESS TO THE REGION AS A WHOLE.

However, Asia is a highly heterogeneous region with wide disparities between countries. This is also acknowledged in the Doing Business report.

On the one hand, five of the top ten countries for doing business are in Asia, specifically the “East Asian Tigers” and the Pacific countries. These countries and their Ease of Doing Business ranking are:

1. Singapore
2. New Zealand
3. Hong Kong SAR, China
4. Republic of Korea
5. Republic of Korea
6. Australia
7. Singapore
8. New Zealand
9. Hong Kong SAR, China
10. Australia

The success behind the growth of these countries can be attributed to the ease of doing business, which in turn encourages more investment in the region and higher economic growth. The importance of having less stringent regulations on businesses to promote entrepreneurship and business investments cannot therefore be underplayed.

Progress still greatly needed to create a business-friendly environment

ON THE OTHER HAND, OUT OF THE 32 ASIAN COUNTRIES IN THE SAMPLE OF 189 COUNTRIES, ONLY TEN COUNTRIES RANKED IN THE TOP 25 PER CENT WHILE THE OTHER 22 COUNTRIES ARE RANKED IN THE BOTTOM HALF, WITH 14 OF THESE COUNTRIES RANKED IN THE BOTTOM 25 PER CENT.

This means that the majority of countries in the region are still struggling to create a business-friendly environment. In addition, the ease of doing business ranking worsened in many of the 14 “poorly ranked” countries in 2013/2014 from 1 - 9 places. These “poor performers” continue to possess highly restrictive business environments particularly in terms of offering limited access to finance for many entrepreneurs, especially SMEs.

A role for Employers’ Federations: identifying weaknesses to review policy on business creation

MANY POORER RANKED COUNTRIES HAVE STRENGTHS WHEN IT COMES TO ENCOURAGING A BUSINESS ENVIRONMENT.
For instance, despite being ranked in 95th place, the Philippines is successful in providing electricity for its businesses (ranked at 16) and in facilitating trading across borders (ranked at 65). But it needs to focus on other pertinent areas such as the ease of starting a business, including the legal aspects of starting a business, notably enforcing contracts and registering property. The same goes for China. While its strengths lie in areas such as enforcing contracts (ranked at 35) and registering property (ranked at 37), its weaknesses are concentrated on the ease of starting a business and protecting minority investors. This shows that no two countries face the same challenges in promoting a business-friendly environment. Once the areas of weakness are identified, the informed government, together with national employers’ federations, can go about reviewing the specific measures that are in place and reflect on how to modify these measures to encourage business creation.

Conclusions

THE PURPOSE OF THIS REPORT IS, THUS, NOT TO CONDEMN POORLY RANKED COUNTRIES, BUT RATHER TO BETTER INFORM THESE COUNTRIES OF THEIR OWN BUSINESS ENVIRONMENT.

In this respect, the IOE is supportive of the World Bank's Doing Business report and aims to promote its positive message, which is that governments can contribute to creating an enabling environment for sustainable business development. In particular, the report does not stop at providing statistics, but also presents some case studies highlighting specific good practices in eight notable areas of the Doing Business measures (which involve increasing the efficiency of business registries in starting a business and increasing measures to protect minority investors). Such case studies allow for an exchange of good practices and contribute to the foundations of creating the enabling environment for the growth and development of sustainable enterprises.

The International Organisation of Employers is the largest network of the private sector in the world. With more than 150 business and employer organisation members around the world, it is the global voice of business in labour and social policy debate at the international level.

For more Information and Answers to your Questions
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