11 April 2013

Mr Jim Yong Kim
President
World Bank Group
1818 H Street, NW
Washington, DC 20433

Dear President,


The International Organisation of Employers (IOE), the global voice of business, wishes to thank you for this opportunity to participate in the open consultations for the panel review of the Doing Business report on the occasion of its 10th anniversary.

1. Purpose and Contribution of the Doing Business Report – What is the value and relevance of the Doing Business Report to private, public, economic, social and environmental development and sustainability concerns?

The IOE would first like to compliment the World Bank and the Doing Business team for creating a reform movement that has already had a positive impact on development and improved people’s lives. The Doing Business reports identify the areas where reform is needed and, most importantly, provide the incentives for governments to act. Employers in many countries struggle under inefficient business regulations that create barriers to growth and job creation, and hamper economic development. Often, the worst business regulations can be found in many of the countries with the lowest levels of development and the worst conditions for their people.

The value of the Doing Business report lies in its use of objective indicators to compare the ease of doing business by showing, for example, that it takes 300 days to register a business in one country, and a mere 15 minutes in another. As demonstrated in the 2008 report, often vulnerable groups such as women are most affected by inefficient regulations.

A good regulatory environment for business does not mean an absence of regulation. Countries with excellent business climates are not characterized by lack of rules any more than onerous regulation creates better social outcomes. All successful economies regulate, but in ways that are appropriate to their circumstances, and least costly and burdensome to their businesses - sometimes requiring laws and regulations to be simplified, or dismantled. The Doing Business reports shed light on the aspects of business regulatory environments that are conducive to doing business and those that are not.

The IOE believes that the Doing Business Report is an extremely useful service for policy makers in tackling medium and long term structural reforms and enhancing recovery, especially given the current crisis affecting many countries.

Throughout its 10 years, the Doing Business Report has proved its relevance to the public and private sectors in their efforts to address sustainable economic, social and environmental development issues.

2. Doing Business Report’s Methodology – How robust and impartial is the research methodology of the Doing Business Report and how might it be improved?

Doing Business data are collected in a standardized way, which has several advantages. The process is transparent, uses factual information on what laws and regulations say and allows multiple interactions with local respondents to clarify potential misinterpretations. The methodology is inexpensive and easily replicable, so data can be collected in a large sample of economies. Because standard assumptions are made in the data collection, comparisons and benchmarks are valid across economies. Finally, the data not only highlight the extent of
specific regulatory obstacles to business, but also identify their source and areas for possible reform.

From the outset, the Doing Business team has been open to improvements in methodology and data collection. The IOE recalls, for example, the 2007 independent evaluation of the Report and the regular improvements in methodology. This demonstrates an openness to review and improve the product basis and enhances its credibility. It is important that we all (including critical voices) keep in mind the fact that Doing Business has a limited scope and is but one of many tools and reference points for policy makers.

One area where the Report could be improved is the Employing Workers Index. Employment costs and compliance with employment regulation are important considerations for business, and significantly influence business and investor confidence, job creation and decision-making. Regulatory balance and effectiveness are as important in employment and labour law as they are in any other area of public policy affecting business. The IOE therefore invites the World Bank to:

a. Fully reintegrate the information it collects on the costs of employing workers into its annual Doing Business publications and country rankings.

b. Ensure Doing Business information on employment costs and regulation is used in the World Bank’s operational work in all regions, and with all governments.

c. Ensure that its technical cooperation and support fully consider employment law and regulation, and make recommendations for reform where necessary.

3. What is the Impact and Influence of the Doing Business Report – What effect does the Doing Business Report have on public and private decision-making and what are the ramifications of this?

After ten years, the impact and influence of the Doing Business report are undeniable. Countries with the greatest need for growth and development have created huge barriers to private sector growth, and the Reports have played a critical role in pushing for the reforms necessary to remove these barriers. It is precisely such reforms that will lead to increased job growth and higher incomes in many countries in desperate need of both. The Reports serve as a reminder that one of the most compelling roles of the World Bank is to generate this sort of data, which is an invaluable resource for public and private decision making.

Final Remarks

The IOE hopes these comments will assist the Bank in producing and publishing in full the critical information policy makers and business people need to understand the relative performance of countries in supporting the doing of business.

On behalf of the IOE’s 150 national business and employer organisation members around the world, thank you once again for this opportunity to contribute the global voice of business to this review which should ensure the World Bank’s Doing Business report maintains its global reputation, relevance, impact and utility well into the future.

Yours sincerely,

Brent H. Wilton
 Secretary-General