

Evaluation of business environment in China based on data analysis of the World Bank

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Abstract— with the increasingly fierce global competition, the state attaches great importance to the construction of business environment. In order to adapt to the requirements of the new era, building a good business environment has become an inevitable choice for every country and region. This study finds out the gap and makes up for the short board by comparing with the top foreign economies. At the same time, this study uses the international advanced experience for reference from the perspective of examination, in order to promote the optimization of business environment in all parts of China through correct policy choice and institutional innovation.

1 Introduction

The influencing factors of business environment involve a wide range, including many factors in the whole life cycle of an enterprise from start-up to bankruptcy, such as economic factors, social factors, political factors, legal factors.

Its role in promoting economic development has been recognized by most scholars. Building a good business environment has become a strategic measure of many countries. In the transition period of economic development, with the help of economic system reform, the optimization of business environment construction is related to the long-term development of the country [1]. Therefore, based on the reality of China's state-owned business environment construction, this paper takes the business environment report of the world bank as a reference, compares it with the advanced, and analyzes the problems in the process of business environment construction, so as to speed up and optimize the construction of China's state-owned business environment, which has important theoretical and practical significance for the healthy development of China's economy [2].

2 general situation of business environment assessment

2.1 Ranking of Business Environment of 190 Global Economies

The information of the world bank's ranking on business environment convenience is as follows: the number of statistical economies is 190, the statistical time is 12 months from May 1, 2018 to May 1, 2019, the statistical content is the reform of 10 business environment fields, and the statistical form is score and ranking. In general, through the ranking of business environment convenience of 190 economies, it can identify which countries have made efforts in business environment construction, achieved achievements, and which countries still have gaps, which still need to be greatly improved. According to the report, the top 10 economies are New Zealand, Singapore, Hong Kong SAR of China, Denmark, South Korea, the United States, Georgia, the United Kingdom, Norway and Sweden.

Compared with the top and bottom countries or regions, entrepreneurs have different experiences in the business process, which promote or inhibit the confidence of entrepreneurs. For example, in terms of the time taken to start a business, the top 20 economies only spend one sixth of the time of the bottom 50 economies; in terms of the time taken to connect electricity, the top 20 economies spend one half of the time of the bottom 50 economies, and the latter costs 44 times more than the former (expressed in proportion to per capita income) [3]. In terms of the property transfer

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index, the top 20 economies will take no more than two weeks, while the top 50 economies will take three months.

The report of the world bank shows that setting up enterprises, handling construction permits, obtaining electric power and paying taxes are the more active areas of reform in recent years [4]. For example, 37 economies have streamlined the process of building permit processing, shortened the processing time limit and reduced the cost .

2.2 Analysis of Business Environment in Different Regions

2.2.1 East Asia and the Pacific

In the past year, the economies of East Asia and the Pacific have made some reforms in the business environment. Five of them are in the top 25 of 190 economies. The most prominent are Singapore and Hong Kong, which are ranked second and third respectively. The ranking of China is higher than that of last year. And for two years in a row, it has become one of the ten countries with more significant reform efforts. The overall situation of the region is shown in Table 1.

TABLE 1 RANKING AND SCORES OF BUSINESS ENVIRONMENT CONVENIENCE IN EAST ASIA AND THE PACIFIC

Economies	Ranking(1 – 190)	Business convenience score (0 – 100)		Quantity of reform	
	<i>Business environment report 2020</i>	<i>Business environment report 2019</i>	<i>Business environment report 2020</i>	<i>Business environment report 2019</i>	<i>Business environment report 2020</i>
Brunei Darussalam	66	69.6	70.1	3	2
Cambodia	144	53.8	53.8	1	0
China	31	74.0	77.9	7	8
Fiji	102	61.4	61.5	0	0
Hong Kong, China	3	85.1	85.3	1	1
Indonesia	73	68.2	69.6	3	5
Kiribati	164	46.8	46.9	0	0
Laos	154	49.8	50.8	1	2
Malaysia	12	81.3	81.5	6	1
Marshall Islands	153	50.9	50.9	0	0
Micronesia	158	48.1	48.1	0	0
Mongolia	81	67.7	67.8	1	0
Myanmar	165	43.5	46.8	2	5
Palau	145	53.7	53.7	0	0
Papua New Guinea	120	59.4	59.8	2	2
Philippines	95	60.9	62.8	4	3
Samoa	98	62.1	62.1	0	0
Singapore	2	85.8	86.2	2	1
Solomon Islands	136	55.2	55.3	0	0
Taiwan, China	15	81.0	80.9	2	0
Thailand	21	79.5	80.1	4	1
Timor-Leste	181	39.7	39.4	1	0
Tonga	103	61.7	61.4	0	0
Vanuatu	107	60.7	61.1	0	0
Viet Nam	70	68.6	69.8	3	2

the East Asia Pacific region is still significant, especially in China and other economies. It is also pointed out that there are two main areas in which the economic reform in the region has achieved remarkable results, namely, the establishment of enterprises and the handling of construction permits. The reforms implemented in these

2.2.2 Europe and Central Asia

Rita ramaho, the manager of the world bank's business environment report, said in an interview, the reform in

two areas are 5 and 7 respectively[7]. In other areas, such as access to electricity and credit, it also performed well, and the average time consumption decreased. At the same time, the region is underperforming in some areas of the business environment, such as contract execution, at more than double the cost of high-income OECD economies.

The business environment reform in Europe and Central Asia has achieved remarkable results and accelerated. This year's statistics show that 56 reforms have been implemented in the region, and the reforms in tax payment and contract execution are more prominent in 190 economies. According to the ranking of the regional economies in the overall list, there are two countries in the top 20: Georgia in the 7th place and North Macedonia in the 17th place. In addition, from the perspective of improvement, five countries have entered the top 20 economies with the greatest improvement in business environment, namely Tajikistan, Azerbaijan, Kyrgyzstan, Kosovo and Uzbekistan, while Tajikistan has even entered the top 10 of the list, which shows that the momentum of business environment improvement in the region is further accelerated.

2.2.3 Middle East and North Africa

According to the report, in the central and northeast Africa region, the number of reforms implemented in the field of business is more than that in other regions. It is the region with the largest number of reforms, with a total of 57 items, an increase of 14 items compared with the same period last year. In addition, four countries in the region, namely Saudi Arabia, Jordan, Bahrain and Kuwait, have entered the list from the ranking of the most improved economies, and their reforms are obvious, accounting for nearly half of the number of reforms in the region. The report points out that the business reform in the region has been steadily promoted, which has improved the level of business facilitation in the region.

2.2.4 South Asia

The representative countries of South Asia are India and Pakistan, of which India ranks 63rd in the business ranking of the world economy and is the best in the region. From the perspective of ranking, the overall business environment reform in the region is weak. However, from the perspective of India itself, it has entered the list of ten economies with the greatest improvement this year, which shows the determination and efforts of the Indian government for the reform of business environment. Pakistan is also actively reforming. For example, the time for enterprises to connect electricity has been reduced by 49 days compared with last year.

3 Overall ranking of China's state-owned business environment

In October 2019, the World Bank released the annual business environment report. In the ranking of business

environment of 190 economies in the world, China's ranking rose compared with last year, reaching the best 31 in history[8]. It has surpassed France as a developed country in the ranking, which shows that China, as a representative of developing countries, is catching up with the trend of developed economies.

At the same time of comprehensive ranking and sub ranking, the business environment report will also select ten countries or regions with the greatest improvement in business environment, and this year will increase this indicator to 20. According to the report, in this year's list, the following ten countries have made remarkable achievements in business environment construction and improvement: Saudi Arabia, Jordan, Togo, Bahrain, Tajikistan, Pakistan, Kuwait, China, India and Nigeria.

According to the World Bank report, these countries account for 1 / 5 of the total number of business environment reforms in 190 economies around the world. These reforms have improved the quality of the business environment. For the second year in a row, China and Tonga ranked among the top 10 countries in terms of business environment improvement. India's performance in recent years has also been outstanding. It has been in the top ten of the list for three consecutive years, with a great improvement [5]. In the above table, it can be seen that 9 out of 10 indicators of Bahrain's business environment have been reformed to a large extent. China and Saudi Arabia have implemented reforms in eight areas. The ranking is in the second place where the business environment has been greatly improved. Focusing on China's business facilitation, China ranks 31st among 190 economies in the World Bank report this year, with a comprehensive score of 77.9. This is China's best ranking since the release of the World Bank report. The world bank thinks highly of China. As China has implemented eight business environment reforms and made unremitting efforts for the construction of business environment of domestic market subjects, China's ranking has increased by more than 10 over last year[6]. The report also said that Shanghai, a sample city in China, has better reform experience, which has improved many indicators in China. The world bank is subdividing Shanghai's reform experience to other countries. In addition, the 20 countries with improved business environment also include Kazakhstan, Azerbaijan, Myanmar and other countries, most of which are developing countries. It shows that developing countries attach importance to business environment and make great efforts in recent years.

The world bank reports that the governments of 115 economies around the world have made 294 reforms in business environment construction in the past year. These reforms have boosted the business confidence of enterprises, improved the business convenience of enterprises, and made positive contributions to the economic development of the region and the world.

4 Analysis of various indicators of China's state-owned business environment

4.1 Scores and ranking of various indicators of China's state-owned business environment

According to the World Bank report, the evaluation is mainly based on ten first-class indicators, namely: start-up enterprises, apply for construction permits, obtain electricity, register property, obtain credit, protect minority investors, pay taxes, cross-border trade, execute contracts and handle bankruptcy. The ranking and scores of each index in China are shown in the table below.

TABLE 2 RANKING AND SCORES OF TEN INDICATORS OF CHINA'S STATE-OWNED BUSINESS ENVIRONMENT

Subject index	DB2020 ranking	DB2020 business environment convenience score	DB2019 business environment convenience score	Change of business environment convenience score
Overall index	31	77.9	74.0	3.9
Start-up enterprise	27	94.1	93.4	0.7
Apply for construction permit	33	77.3	65.2	12.1
Access to electricity	12	95.4	92.0	3.4
Registered property	28	81.0	80.8	0.2
Getting credit	80	60.0	60.0	0
Investor protection	28	72.0	62.0	10
Tax payment	105	70.1	67.9	2.2
Cross-border Trade	56	86.5	83.4	3.1
Contract execution	5	80.9	79.0	1.9
Handling bankruptcy	51	62.1	55.8	6.3

Data source: World Bank business environment report 2020

According to the report, China's comprehensive ranking in this year is 31, with a score of 77.9, which is higher than the score of 74.0 in the previous year. According to the scores of each indicator, except for no improvement in the field of "access to credit", other indicators have improved to varying degrees. Rui Ze, director of the China Bureau of the world bank, said that China has made many reforms in the business environment and achieved positive results, especially in the handling of construction permits. However, we need to see deficiencies, such as the lack of tax payment, as well as achievements.

4.2 Analysis on the improvement of the indicators of the state-owned business environment construction

In the world bank's business environment assessment report, from May 1, 2018 to May 1, 2019, in the 12-month data statistics, China's business environment has

improved significantly in 8 indicators, ranking second in the top 10 economies in the world. Compared with last year's improvement, this year's improvement was 7. Specific areas for improvement are shown in the figure below:

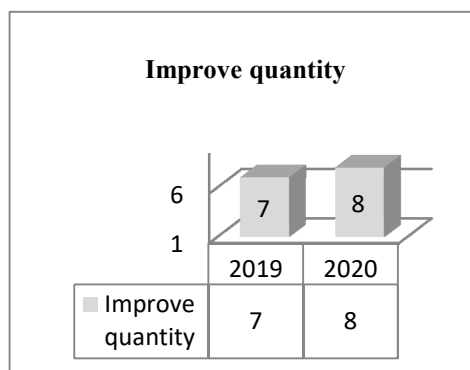


Figure 1 Comparison of improvement of business environment indicators in China

Data source: World Bank business environment report 2020

Among them, the seven improvements in the 2019 report include: setting up enterprises, handling construction permits, obtaining power, registering property, protecting small and medium-sized investors, paying taxes and cross-border trade. The eight improvements in the 2020 report include: setting up enterprises, handling construction permits, obtaining electric power, protecting small and medium-sized investors, paying taxes, cross-border trade, executing contracts, and handling bankruptcy.

In the statistics of the world bank 2020 report, China has not obtained any bonus points in the "access to credit" index. The improvement in the "registered property" index was not obvious (an increase of 0.2 points). The other eight areas of business environment have improved to varying degrees[10]. Among them, the indicator of "handling construction permit" has improved significantly, with an increase of 12.1 points compared with the previous year's score, ranking first in all indicators improvement in China. In terms of "access to electricity", China ranks 12th in the world in terms of this index, with an increase of 3.4 points compared with the previous year's score. In terms of "protecting minority investors", the score increased by 10 points compared with that of the previous year, with a large improvement. In terms of "contract execution", China ranks the fifth among the 190 economies in the world, which can be said to be among the advanced international level. Next, the main improvement aspects will be analyzed.

First of all, it analyzes the field of construction permit. In the past year, the significant improvement of this indicator is reflected in the reduction of the procedures and time for handling matters, which makes the score of this item significantly improved. In recent years, great efforts have been made in the reform of "deregulation services". And as an important work actively promoted by the government, it has been effectively implemented in the field of construction permit. According to the statistics reported by the world bank, the processing time of this indicator in China is 111 days, significantly less than 132 days in East Asia. In addition, the quality index of the project gets a full score of 15, which is also higher than the average score of 9.4 in East Asia.

Secondly, it analyzes the field of power acquisition. As mentioned above, China ranks in the top 20 places in the world in this index, ranking 12th. Compared with other regional economies, the advantages are obvious. According to the business environment report, Chinese enterprises need two procedures for power connection, which is less than half of the 4.2 procedures in the East Asia Pacific region; the power consumption is 32 days, less than 63 days in East Asia Pacific region. The world bank is sharing the reform experience of China (Shanghai) in power access and management with other countries.

Thirdly, from the aspect of protecting a small number of investors, it is an area where the reform of the state-

owned business environment has made great efforts, and it is also the second indicator in terms of the improvement degree of individual indicators in China (the first is to apply for construction license). Compared with the score of last year, it has increased by 10 points. China's ranking in this field has entered the top 30 in the world, ranking 28th. It shows that China is in the forefront of the world in this field.

Finally, what the world bank has praised for China's state-owned business environment reform is its achievements in "contract implementation". China ranks fifth in the world in this index, and has become one of the countries with the highest efficiency in contract execution. According to the research report, China's business dispute settlement and contract execution related costs are better than the average level of East Asia Pacific.

5 Conclusion

In a word, the report of the world bank highly praised the achievements of China's reform in business environment construction this year, and also pointed out the areas that need to be improved. For example, China still lags behind in the "tax payment" index, ranking 105th in the world. "Access to credit" index is not optimistic, ranking 80th in the world. "Cross border trade" index is slightly better than the first two, ranking 56th in the world. According to statistics, China's export border compliance time is longer than that of OECD high-income economies, reaching 21 hours, and the cost is also higher, reaching 256 US dollars. These aspects are also where China needs to deepen reform in the future. Of course, it needs to be pointed out that in terms of "tax payment" indicators, since the data collection period of the world bank is from January 1, 2018 to the end of the year, the tax reduction and fee reduction reform launched by China in 2019 is not included in the statistics, which also affects China's ranking on this indicator. It can be predicted that with the 2 trillion tax reduction and fee reduction measures in place in this year, China will add points to this indicator next year.

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