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# International Experience and China's Practice in Optimizing the Business Environment: Based on the Analysis of the World Bank's Doing Business

Song Linlin<sup>1\*</sup>, He Chengxiang<sup>2</sup>

<sup>1</sup>Professor, Doctoral Supervisor at School of Politics and Administration, Tianjin Normal University, Tianjin 300387.

<sup>2</sup>Master Student at School of Politics and Administration, Tianjin Normal University, Tianjin 300387.

## ABSTRACT

The World Bank's Doing Business covers more than 190 economies. By 2019, China's best ranking is 46. Against the background of the increasingly strong economic globalization, China's reform must not only adapt to the national conditions, but also to the international standard, so as to create a good international reputation, attract more international investment and promote the sustained and high-speed development of the domestic economy while promoting the rapid improvement of the government's own capabilities. Based on the assessment method and China's coordinates of World Bank's Doing Business as the starting point of logic analysis, this paper attempts to find out the reasons behind the ranking of China's business environment and proposes targeted solutions based on the analysis framework of "actor-process".

**Keywords:** Business environment; The reform of "delegating power, strengthening regulation, improving government services"; World Bank's doing business

### \*Correspondence to Author:

Song Linlin

Professor, Doctoral Supervisor at School of Politics and Administration, Tianjin Normal University, Tianjin 300387.

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In recent years, the business environment has become a hot word for reform, and government departments, theorists, and the news media have all made their efforts to optimize the business environment. The construction and evaluation of the China Business Environment Indicator System led by the National Development and Reform Commission has successfully completed the trial evaluation phase, and announced the second batch of assessments and the timetable for comprehensive assessment. According to the survey, the relevant provinces, cities and counties have already felt the assessment crisis. Special actions to optimize the business environment were rolled out across the country. In order to revitalize the old industrial bases in Northeast China, the National Development and Reform Commission set up a special task force to build a DBN-10, a business-oriented environment network with enterprises as the core, and evaluate major cities in Northeast China such as Dalian and Shenyang, and select Guangzhou and Wuhan as benchmark cities. In addition, as the national authoritative media, the Central Radio and Television General Station also released the "China Urban Business Environment Report 2018". The participation of multiple entities has promoted the in-depth development of the business environment reform. It is commendable that the latest release of the Doing Business made by World Bank (hereinafter referred to as the report), China's performance is eye-catching, not only the total rankings fly into 32, but also into the list of the top ten reformed economies in the world, and seven of the ten indicators have made progress and become an important testimony to the great achievements of China's 40 years of reform and opening up.

From the Beijing Municipality's *Action Plan for Further Optimizing the Business Environment (2018-2020)* and Shanghai's *Special Action Plan for Improving the Business Environment of Advanced International Standards*, optimizing business environment will still be one of the

main tasks of the central and local governments. While achieving achievements, we need to see that China's ranking in the report is still only 46, which is seriously inconsistent with the international status of China's second largest economy, there is still a long way to go to improve the ranking of China's business environment in the new era. Therefore, regression analysis of reporting ranking methods and data sources, outlining the coordinate position of China's business environment are the basic understanding of business environment. On this basis, this paper, taking the framework of "actor-process" as the main line of analysis, attempts to review the overall situation of China's business environment reform and possible problems from multiple perspectives, thus giving the possible path to improve China's business environment ranking in the Doing Business.

## **1. The "Chinese significance" of benchmarking International standards of business environment**

### **1.1 Foreign investment attraction: the authority of the Business Environment Report**

Regarding the measurement of the business environment, the World Bank, the World Economic Forum, the Economist Group and other international authorities have made constructive attempts. Among them, the Doing Business made by World Bank issued annually since 2003 is the most authoritative.<sup>[1]</sup> Since the publication of the report, more than 3,500 regulatory reforms have been recorded in various countries around the world. More than 3,000 peer-reviewed papers and 7,000 working papers have cited data of Doing Business, more than 60 economies have established regulatory reform committees guided by the indicators system of Doing Business.<sup>[2]</sup> In addition, the global media paid great attention to the annual report, the "Doing Business 2018" was published in just over a week and received more than 7,000 media references, as well as nearly 40,000 downloads during the same period. In short, the World Bank's Doing Business has become an

authoritative standard for measuring the business environment of the economy, and is widely recognized by governments and international academic circles. At the same time, relevant research has proved that entrepreneurs' economic activities will be longer in a better business environment.<sup>[3]</sup> Therefore, the authoritative ranking of the business environment is also an important reference for enterprise investment decision-making. In the new era of globalization, China shoulders the historical mission of improving the global economic governance system and promoting the building of a community of human destiny. It is responsibility that requires China to become a builder and leader of international business environment standards, thereby attracting companies from all over the world to invest in China, and become the center of the international economic arena.

## **1.2 Internally leading reform: the advanced nature of the Business Environment Report**

Administrative reform is an eternal proposition for studying government theory. The advanced nature of the Doing Business provides an important international perspective, legal perspective, scientific perspective, performance assessment perspective, and corporate perspective for government reform, and has become an important grasp to promote the transformation of government functions in the new era. From the international perspective, the Doing Business believes that although there are many differences for historical traditions and political and economic systems in the economy, just as countries can play football under a set of rules, they should also have the same regulation rules for business environmental, which provide an international perspective for economic development in the new era and leading the global out of poverty. From the scientific perspective, China can use the World Bank's standards as a prototype on the basis of partial adjustments to guide domestic local governments to optimize their business environment, and improve China's international ranking. The national urban

business environment assessment conducted by the National Development and Reform Commission and the Central Radio and Television General Station basically adopts this idea. From the legal perspective, the construction of a law-based government requires the government reform to be framed in the scope of laws and regulations. This is in line with the value of Doing business of 2/3 ranking data from the laws and regulations. From the perspective of performance evaluation, the Doing business transfers the performance evaluation from the government behavior to the enterprise, and evaluates the effect of optimizing the business environment through the quantitative data of the indicator system, thus providing objective criteria for the effect of policy implementation of China's administrative reform. From the perspective of enterprises, the core content of Doing business is the indicators system which based on the whole cycle of enterprise life, and the government reform of benchmarking Doing business is transformed into the process of the transformation of government functions to solve the problems of enterprises from the perspective of enterprises.

## **2. The Method and China's Coordinates of Doing business**

### **2.1 The evaluation method of Doing business**

In the early 21st century, the World Bank put its eyes on the relationship between business environment and poverty alleviation. Nicholas Stern, then vice president of the World Bank, pointed out that "the business environment is a core element in poverty reduction." An excellent business environment will stimulate the vitality of the private sector, increase employment and promote economic development, thus substantially addressing poverty. However, at the time, there was no research on the ranking of the business environment in the world. Therefore, the World Bank set up a special Doing business group to select relevant indicators based on the perspective of the enterprise life cycle, according to collect relevant data from 190 economies

to make the list of business environment ranking. It provides an objective basis for understanding and improving the business environment.

Specifically, the indicators system of Doing business has gradually improved from the initial five first-level indicators to the present ten first-level indicators (the labor market regulatory indicators are not included in the ranking). The idea of selecting indicators is to take the whole process from enterprise entrepreneurship to enterprise exit from the market as the first-level indicators. And a large number of existing theoretical research results are used to ensure the scientific of the indicator system.

The World Bank updates the data of indicators every year from four main sources: the relevant laws and regulations, Doing Business respondents, the governments of the economies covered and the World Bank Group regional staff. First, 2/3 of the data used for the ranking of the business environment is based on the interpretation of relevant laws and regulations of the economy. The Doing business group has conducted a special questionnaire for each indicator, and distributed the questionnaire to local experts related to the indicator process. While filling out the questionnaire, it also required to provide relevant laws and regulations and charging standards to support the questions of questionnaire, so the Doing business group can check the data to ensure data quality. For example, the Doing business group will examine the commercial code of Greece to confirm the paid-in minimum capital requirement, look at the banking law of Ghana to see whether borrowers have the right to access their data at the credit bureau and read the tax code of Guatemala to find applicable tax rates. Secondly, for some indicators—for example, those on dealing with construction permits, enforcing contracts and

resolving insolvency—the time component and part of the cost component (where fee schedules are lacking) are based on actual practice rather than the law on the books, which requires the expertise of the relevant practitioners. Since the Doing Business published in 2003, more than 43,000 professionals from 190 economies around the world have provided data support for Doing Business. The Doing Business 2018 cites information from more than 13,000 local experts. These experts are selected according to the professional skills of the indicators involved, mainly including lawyers, judges, notaries, accountants, architects and other professional practitioners. Following the standard methodological approach for time-and-motion studies, Doing Business breaks down each process or transaction, such as starting a business or registering a building, into separate steps to ensure a better estimate of time. The time estimate for each step is given by practitioners with significant and routine experience in the transaction. When time estimates differ, further interactions with respondents are pursued to converge on one estimate or a narrow range that reflects the majority of applicable cases. Finally, after reviewing the questionnaire and relevant laws and regulations, the Doing business group shares the preliminary findings of the report with governments through the Board of Executive Directors and the regional staff of the World Bank Group to seek the comments and suggestions on the completeness and accuracy of the report, such as whether the report has omitted a regulatory reform or whether the existing regulatory reform data is accurate. The Doing business group should further consult with the relevant experts of the economy on the issues raised by the government of the economy and the staff of the World Bank, and give an official response.

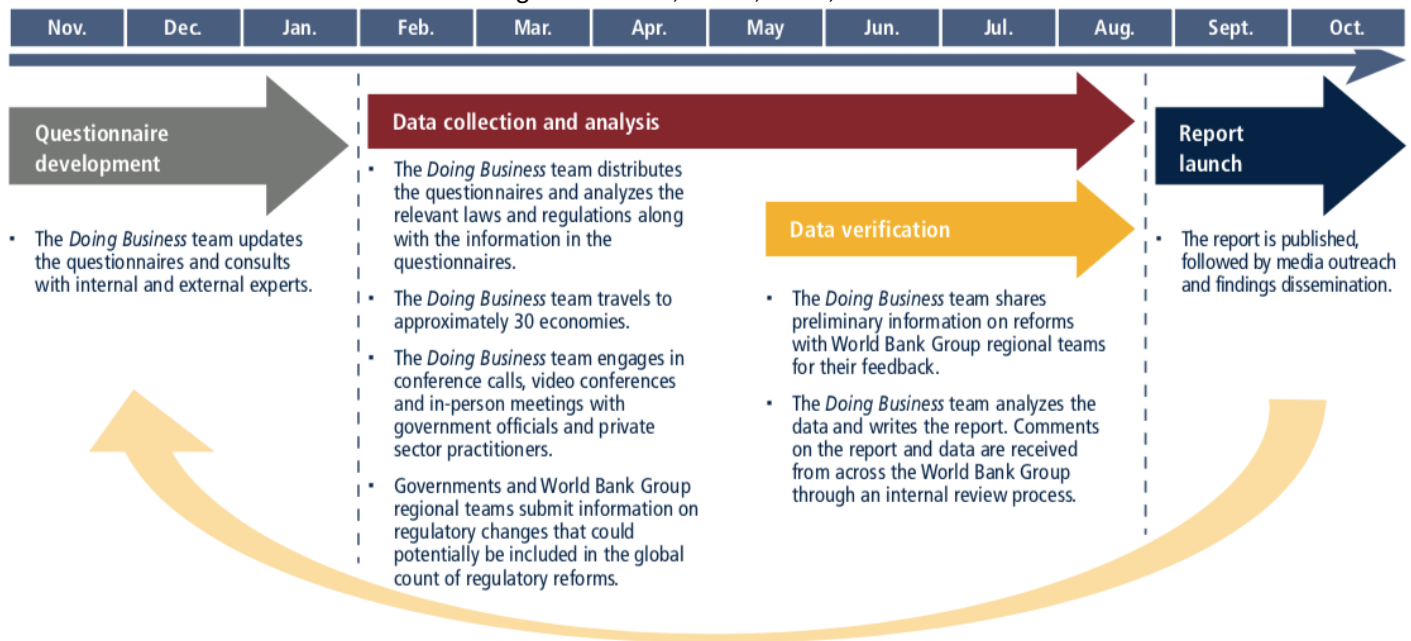


Figure 1 World Bank's Doing Business Release Cycle

## 2.2 China's Coordinates of Doing Business

When the Chinese government gradually introduces the evaluation system of Doing Business and puts it at the core of its work deployment, it first needs to have a clear understanding of China's coordinate position in this global public product. We try to fully understand the "China" in the Doing Business from the dynamic changes in the overall ranking and indicator system, paving the way for further analysis of China's government reform.

From the overall ranking, since the Doing Business ranked in 2006, the Doing Business 2019 is the most ideal year for China, ranking 46. Prior to this, China has been in the position of 78 to 96, which is basically in the middle of the scale of 190 economies assessed for business environment, with a small fluctuation range. Although the ranking has made new breakthroughs, as the second largest economy in the world, China's ranking of 46 is still not an ideal achievement. On the contrary, New Zealand, Singapore and Denmark rank the top three in the latest ranking. China wants to play a leading role in the global economy, optimize the business environment and improve the international rankings still have a long way to go.

From the indicators ranking, according to the latest data released by the World Bank in 2019, seven of the ten indicators have made remarkable progress. Among them, the indicators of Starting a business, Dealing with construction permits, Getting electricity and Protecting minority investors have all made progress of more than 50, which shows that deepened the reform of "delegating power, strengthening regulation, improving government services" to optimized the business environment in recent years have gotten international recognition. According to the current ranking analysis, compared with the corresponding indicators ranked first in the economy, China still lags behind in the Dealing with construction permits and Paying taxes indicators. Taking the Dealing with construction permits as an example, which is the worst performance indicator in China, as compared with the second-level indicators of the best performance economy (Hong Kong, China), there are 9.4 more procedures and 83.1 more days. These gaps will be the focus and direction of China's further benchmarking reform.

## 3. China's business environment ranking analysis - an "actor-process" analysis framework

The most important of all quantified rankings is raw data, so the analysis of rankings is essentially an analysis of the data. According to the assessment method of World Bank, the ranking data of Doing Business mainly includes the relevant laws and regulations, Doing Business respondents, the governments of the economies covered and the World Bank Group regional staff. Therefore, this paper introduces the concept of "actor" in the actor network theory, which holds that actors include all factors in scientific practice, both humans and non-human beings, and all factors involved in the process of scientific practice are actors.<sup>[4]</sup> In addition, the business environment ranking is not only an evaluation system, but also a process. Based on this, this paper proposes an analytical framework of "actor-process". Among them, the actor is the

source of data collection, reflecting the generation mechanism of the original data of the business environment ranking, and the process is the important interaction of the multi-actors to form the ranking results of the business environment. The two are interdependent, the actor is the carrier of the process, and has a guiding effect on the ranking process; the process reflects the choice of the actor's strategy, supplementing the dynamic perspective of the ranking. With the "actor-process" analysis framework, starting from China's reform practice, taking into account country comparisons, this paper makes a deep analysis of participants and release cycle of Doing Business, and discovering the reasons for the misplacement of China's reform and the ranking of Doing Business, so as to propose the future optimization direction of the government.

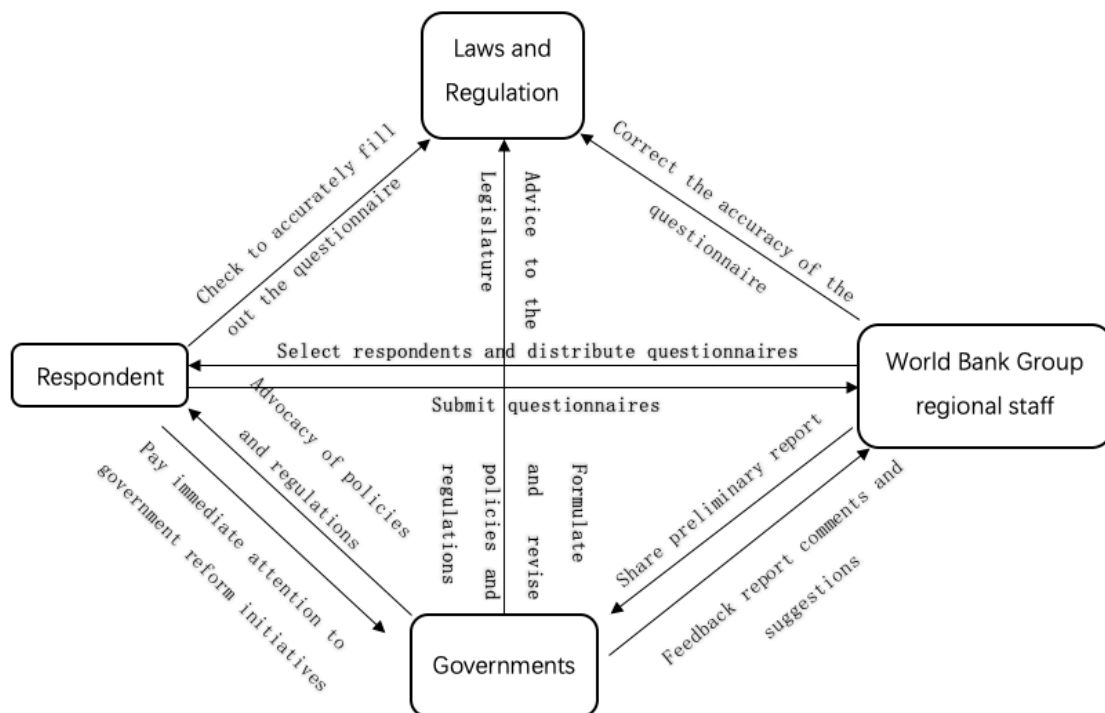


Figure 2 The ranking analysis of Doing Business based on actor-process

### 3.1 "Four-Dimensional Subject": Analysis of Ranked Actors

#### 3.1.1 The relevant laws and regulations

Focusing on the indicator system of Doing Business, the World Bank mainly reviews 11 laws, such as bank credit laws, bankruptcy and guarantees (mortgage) laws, civil procedure codes,

commercial and corporate laws, constitution, labor laws, land and construction laws, securities laws, tax laws, trade laws, and building regulations. The analysis of the scores of laws and regulations can be divided into three cases in China: the first case, the laws and regulations have been stipulated, but not recorded by the

World Bank. The laws and regulations assessed by the Doing Business group include not only the laws and regulations formulated by the legislature, but also the local laws and regulations formulated by the administrative organs with legislative powers such as the State Council and local governments. If we neglect the existence of the latter, it will make a series of reform of optimizing the business environment, such as the reform of “delegating power, strengthening regulation, improving government services” led by our government cannot be reflected in the rankings. For example, in January 2017, the “Decision of the State Council on the Third Batch of Cancellation of Administrative Licensing in the Designated Localities of the Central Government” canceled the “approval of the official seal engraving”, which was originally implemented by the county-level public security organs, and changed to the filing system. However Doing Business 2018 released by World Bank still believes that the official seal is a necessary link for China to start a business, which makes the ranking of China's business environment in vain. In the second case, the laws and regulations which do not have provisions, must be modified to score. The lose point of this situation is completely subjective, and it is also important areas in optimizing the business environment in the new era. In the third case, the World Bank's scoring standards are inconsistent with China's basic national conditions, and there is no need to modify laws and regulations to deliberately cater. The Doing Business started from the second wave of neoliberalism and was influenced by the Western powers from the value concept. Its main builders also have Western research background and lack the process of drawing business environment construction experience from Asian, African, Latin American and other countries. Therefore, the Doing Business under the Western discourse system inevitably has a part that is inconsistent

with China's national conditions. For example, the World Bank encourages economies to allow for the enforcement of security rights outside the court when security interests are set. However, this mechanism is based on the relatively complete credit system and high illegal cost in the Anglo-American legal system countries. It does not conform to the basic national conditions in which China's current credit system is not perfect and the contract spirit is incomplete. Therefore, China does not need to deliberately modify laws and regulations, resulting in more complicated procedures.<sup>[5]</sup>

### 3.1.2 Doing Business respondents

The annual Doing Business will thank the participants in the survey and publish it on the official website of the project. Table 1 is the respondents selected by the World Bank for China's various indicators in 2018. The analysis shows that the selected survey objects are obviously less, and there are some doubts about the accuracy of such a small sample for the measurement of business environment in such a large country as China. There are some discrepancies between 107 professionals participating in the survey and 179 contributors to each indicator, which indicates that a large number of people participate in the survey of two or more indicators. it is worth discussing that one person participate in the investigation of two or more indicators at the same time because the specific evaluation criteria are too detailed. In addition, according to the specific analysis of the respondents over the years, the respondents have a great overlap every year, which shows that the World Bank has formed long-term and close cooperation with some institutions, such as Jun He Law Office, Zhong Lun Law Firm, PricewaterhouseCoopers, etc. To some extent, this ensures the continuity of the evaluation results, but at the same time, it is also likely to cause the evaluation to solidify.

Table1 2018 indicators system data survey contributors



| Indicator             | Starting a business | Dealing with construction permits | Getting electricity | Registering property | Getting credit | Protecting minority investors | Paying taxes | Trading across borders | Enforcing contracts | Resolving insolvency | Labor market regulation |
|-----------------------|---------------------|-----------------------------------|---------------------|----------------------|----------------|-------------------------------|--------------|------------------------|---------------------|----------------------|-------------------------|
| Contributors (Number) | 22                  | 10                                | 12                  | 19                   | 18             | 12                            | 17           | 18                     | 19                  | 18                   | 14                      |

### 3.1.3 The governments of the economies covered and the World Bank Group regional staff

In March 2018, at a high-level seminar on "International Experience in Optimizing Business Environment and Its Enlightenment to China", co-sponsored by the Ministry of Finance and the World Bank, the CEO of the World Bank, Kristalina Georgieva, said in her speech that the measures taken by the government to improve the business environment are still not able to score in the ranking of Doing Business if no businessman perceive it.<sup>[6]</sup> Since the 18th National Congress, the Chinese government has implemented a series of reforms to optimize the business environment, especially the reform of "delegating power, strengthening regulation, improving government services" that began in 2016. However, some reforms have not been implemented and some reforms implemented may not be scored because the respondents are not familiar with them.

Based on the limitations of the Doing Business group itself, the world bank group regional staff assume the important functions of bilateral docking with the economic government departments and the World Bank headquarters in the process of the formation of the Doing Business. According to the author's investigation, due to the deviation of our government's attention, on the one hand, the representative office of the World Bank in China only maintains contact with the local financial bureau of our country, and did not form all-round cooperation with the departments involved in the indicator system. Since the preliminary report needs to be confirmed by

the regional staff and the government, the lack of cooperation will affect the functioning of the feedback mechanism. On the other hand, the lack of interaction between representative offices in China and headquarters has greatly affected the Doing Business group's recognition of the China's reform of business environment. With the government's emphasis on the Doing Business, the number of headquarters visits to China has increased from 2018 to 2, but there is no doubt that only more frequent interaction can timely and accurately transmit China's reform initiatives to the World Bank Doing Business group through regional staff.

### 3.2 "Translation-Communication-Motivation": Analysis of Ranking Process

#### 3.2.1 Translation process

The ranking data of the Doing Business mainly comes from the questionnaire. Since there are more than ten indicators, the questionnaire has more than 100 pages. Although the respondents do not need to complete all the questionnaires, the workload of filling in two or more indicators is considerable. Especially, some law-related indicators are often conducted in the form of complex case questions and it is necessary for the respondents to understand the professional terms accurately and master the national law skillfully at the same time. However, due to the fact that the questionnaire is in English, it is easy to make mistakes in translation comprehension. For example, "Private limited companies" can easily be understood as "私人有限公司", but in fact it refers to "non-state-owned limited liability company or non-state-



owned non-listed limited company". The intuitive translation ignores many provisions of China's Company Law on non-listed limited company, resulting in unreasonable loss of scores in relevant indicators.<sup>[7]</sup> The current questionnaire lacks authoritative Chinese translation.

Although the respondents are proficient in English, according to the author's participation in the indicator system and the preliminary translation practice of the questionnaire, in order to ensure the objective accuracy of the ranking, the World Bank subdivides the top ten indicators in depth, even for professional practitioners, it is difficult to be completely understand the complex questions of the indicator system. Therefore, the key to the loss of ranking in China is that the respondents can not accurately understand the relevant questions of the questionnaire and give the answers in combination with China's reform practice.

### 3.2.2 Communication process

In December 2017, the Doing Business group conducted a survey of the National Development and Reform Commission and Shanghai, which was the first time that Chinese government officials had in-depth communication with the business environment team. Prior to this, the World Bank has issued a 15-year Doing Business, but the government has not given enough attention and positive response, resulting in the ranking of Doing Business has not made substantive progress. Therefore, the communication process is critical to accurately assess the business environment. The communication process mainly refers to the communication between the government and the World Bank, and between the government and the respondents. The communication between the government and the World Bank is mainly embodied in the interaction of assessment methods and assessment process. From the perspective of assessment methods, the Doing Business, as a public product of global governance, will inevitably bring controversial issues due to differences in national conditions in the

pursuit of the greatest consensus. As a country with one fifth of the world's population, there are huge differences among regions. For example, in order to obtain electricity, Jinan needs 33.1 days, while Dalian and Wenzhou only need 2.3 days and 3.9 days respectively. Therefore, it is obviously inappropriate for a big country like China to select only two cities for business environment measurement. However, 15 years after the publication of the Doing Business, the Chinese government has not yet communicated with the World Bank on expanding the number of commercial cities. In addition, in order to simplify the assessment workload, the World Bank limited enterprises to the formal sector. Although the Doing Business group regarded it as a limitation, it was particularly disadvantageous for developing countries with a large number of informal sectors. In the questionnaire design, this paper has pointed out that there are questions that do not conform to China's national conditions. It is precisely because of the lack of timely communication that has led to the loss of points. From the evaluation process, after the initial report was shared by the Doing Business group to the relevant government, the government did not check the relevant data and timely exchanged the missing scoring points with the World Bank, which resulted in many of the latest reform initiatives in China not being recorded. The communication between the government and the respondents is mainly reflected in the exchange of relevant laws and regulations on business environment. Accurate filling in questionnaires should be the responsibility of both the government and the respondents. The government should inform the respondents of the reform measures through various propaganda means in time and organize relevant training for respondents. However, for a long time, our government lacks a stable communication mechanism with the respondents.

### 3.2.3 Incentive process

From the professional background, the respondents are from well-known law firms and

accounting firms at home and abroad. Their professional nature determines that the employees have rich salary and busy workload. Therefore, the respondents are limited by time and energy, often unable to make detailed judgments on the problems one by one. Only the appropriate incentives can ensure that the respondents carefully complete the relevant work. Generally, incentive is divided into material incentive and spiritual incentive. From the perspective of material incentives, Doing Business involve the evaluation of 190 economies, the participation of more than 10,000 experts, and the limited economic incentive capacity of the World Bank itself. The Chinese government has not paid much attention to Doing Business for a long time, and the related special funds are insufficient. From the perspective of spiritual incentives, since the reform and opening up, the Chinese government has long focused on attracting foreign investment, attracting foreign investment through special preferential policies, thereby realizing the primitive accumulation and sustained growth of the domestic economy, and has not paid attention to optimizing the business environment. Under this background, there is almost no research on Doing Business in domestic practice and theory circles, and the attention of mass media is insufficient, which results in the low recognition of the value of the work of the respondents, the insufficient awareness of the international influence of Doing Business, failing to study the questionnaire from the perspective of the national citizen mission to ensure the accuracy of the questionnaire and to avoid unreasonable points.

#### **4. Possible strategies for China to upgrade the ranking of the Doing Business**

##### **4.1 Improving laws and regulations on business environment**

In the traditional Chinese history, whether it was the "pledged and ploughed war" and "suppressed merchants" during the Warring States period, or the "heavy peasants and merchants" after the Qin and Han dynasties, or the planned

economy at the beginning of the founding of the country, business has been suppressed and intervened by the government. In the 40 years of reform and opening up, commercial activities have also developed dynamically in the process of adjusting the relationship between the government and the market. The relevant laws and regulations are not perfect, and no specific legislation on the business environment.<sup>[8]</sup> In the new era, the local government's optimization of the business environment is guided by local laws and regulations such as the "Regulations", "Opinions", "Measures" and "Action Plan". This is in some extent consistent with the historical tradition of the Chinese government-led reform, but the government policy documents are complex and numerous, which can easily lead to bank staff and questionnaire respondents losing points due to negligence in China's reform. Fixing the government's power boundary and market rules in the form of law is an objective need of a great business environment. Therefore, China should consider raising the legal level of the existing reform guidance documents in a timely manner, and submit the fine policies of local governments that have been tested in practice to the legislature and raise them into laws, realizing the political process of legalization of the (generalized) will of the government through the legislature. In the specific improvement of laws and regulations, it is necessary to refer to the indicator system of Doing Business. On the one hand, to amend the loopholes existing in laws and regulations to fill the legislative gaps; on the other hand, to find out the long-standing unjustifiable loss items in China and the options that do not conform to China's national conditions, and to appeal to the Doing Business group of the World Bank in time, to seek solutions through negotiation.

##### **4.2 Scientifically and accurately translate the questionnaire**

The questionnaire is an important method for the Doing Business group to conduct ranking research. The scientific and accurate translation

questionnaire require not only language, but also professional knowledge of laws and regulations. Only in this way can we ensure accurate translation of professional vocabulary, summarize relevant laws and regulations supporting the questionnaire, and maintain annual updates with the Doing Business. In 2018, the Shanghai Legal Affairs Office organized a number of law professors, lawyers and translation experts to sort out the questionnaires and corresponding laws and regulations for Getting credit and Protecting minority investors. It took several months, so that the main person in charge issued "I have been studying and teaching for more than 30 years, and in the face of numerous examination paper, this time is used up for what they have learned in my life, devoting all his heart, mobilizing all the academic resources."<sup>[9]</sup> This makes it difficult to systematically organize the whole questionnaire. Therefore, it is recommended that the relevant departments of Beijing and Shanghai cooperate to organize legal professors, accountants, translators and government-related staff to systematically translate the questionnaire and communicate with the Doing Business group in time so as to ensure the scientific and accurate translation. At the same time, relevant laws and regulations are sorted out and kept up to date.

#### **4.3 Building a multi-disciplinary communication mechanism**

Optimizing the business environment should establish a multi-subject communication mechanism with the government as the core, so as to avoid the evaluation bias caused by information asymmetry. First of all, the government must strengthen communication with the respondents. Dr. Marcin Piatkowski, a senior economist at the World Bank responsible for China's business environment assessment, stressed that the government is encouraged to communicate with business people in various forms, to preach relevant laws, policies and practices, and to help the respondents to answer correctly to ensure the objective and fair results of the Bank's

assessment.<sup>[10]</sup> The effective score of optimizing business environment depends on the perception of business people. Therefore, improving the entrepreneur's sense of acquisition and enhancing communication with business people should be necessary for the government. Second, the government must strengthen communication with the Doing Business group. In the past two years, Beijing and Shanghai have invited relevant World Bank personnel to visit China, which has opened a precedent for official government to communicate with the World Bank. Next, a long-term and stable communication mechanism should be established to ensure that China's latest reforms can inform the World Bank, and at the same time to send China's voice and bring China's experience into the evaluation system of the World Bank. Suggestions on the limitations of the Doing Business and the evaluation rules that are inconsistent with China's national conditions are given.

#### **4.4 Deepening the related research on the Doing Business**

After 15 years of improvement, the Doing Business has formed a scientific and perfect assessment system of business environment from the aspects of data collection, evaluation indicator system and evaluation process. If China wants to improve its ranking, it must first conduct in-depth research on Doing Business. The report is in English and has been translated by relevant scholars.<sup>[11]</sup> However, the simple translation is only the first step. The report discusses in detail the premises, assumptions, limitations and indicators system of the World Bank's assessment of business environment, which are worthy of in-depth study. Especially the indicator system of Doing Business, as the core content of evaluating business environment, consists of 10 first-level indicators and 43 second-level indicators, involving public management, law, economics and other disciplines. At the same time, the World Bank does not systematically focus on the indicator system, but it is ex-

plained separately in the case of the annual report, which brings resistance to the deepening of the Doing Business. Under the background that government departments have proposed to optimize the business environment according to World Bank standards, it is necessary to establish an interdisciplinary research team to systematically study the Doing Business.

#### **4.5 Establishing a Coordination Group for Optimizing the Business Environment**

In order to normalize the business environment optimization, it needs the support of relevant organizations. It is suggested to set up a coordination team on business environment optimization at the provincial level to coordinate and optimize the business environment, and at the same time to coordinate the business environment evaluation work of the world bank. China's provinces and cities have not set up a coordination group to optimize the business environment for a long time, so that there is no special government agency to connect with the World Bank's Doing Business group. Therefore, it is recommended that first in Beijing and Shanghai set up a special optimization business environment coordination group, together with business environment related administration for industry and commerce, tax bureau, the courts and other departments. With the aim of optimizing the business environment, the group aims to improve the ranking of the Doing Business, track the annual report, and provide think tank support for the government's targeted improvement of the business environment. At the same time, the central government should take the indicator system of Doing Business as the prototype to evaluate the business environment of each province and city, so that the work of deepening the reform of "delegating power, strengthening regulation, improving government services" can be continuously promoted, and then, on the basis of the evaluation results, to show the differences of China's local business environment to the Doing Business group and to

provide data support for increasing the evaluation of urban areas.

#### **5. CONCLUSION AND DISCUSSION**

This paper uses Doing Business as an empirical tool to reflect on the change of ranking of Doing Business in China, but at the same time, we need to recognize the limitations of Doing Business on standardized cases and the formal sector, understand the Doing Business of the World Bank objectively and comprehensively, and pay close attention to its cutting-edge trends. In early 2018, Chile complained to the World Bank about the continuing decline in the ranking of the Doing Business, arguing that international organizations should not be affected by political factors. In response to Chile's concerns, the World Bank commissioned an independent economist to set up a special external audit team to conduct professional audits. In the Doing Business 2019, the results of the audit were published: "The World Bank did not manipulate the ranking of individual economies". Based on this, the World Bank said that in the future, it will minimize the adjustment of existing indicators. On the one hand, in order to prevent the controversy caused by the change of existing methods, on the other hand, it will facilitate the economy to make annual comparisons and understand the development and regression of its own regulatory rules. In response to changes in the external environment, the Doing Business has shifted to introduce new indicators in a timely manner. For the introduction of new indicators, our country should pay special attention in order to carry out relevant reforms ahead of time and get the first chance in the ranking. The government procurement was first proposed in the 2017 report, and peer reviews and pilot projects were conducted in a few economies at the end of the same year. In early 2019, indicators-related methods will be published on the official website of the Doing Business. In 2020, indicator data collection will be expanded to 190 economies, and government procurement indicator

will be considered to be included in the ranking of Doing Business.

At the national teleconference on deepening the reform of “delegating power, strengthening regulation, improving government services” and transforming government functions in 2018, Premier Li Keqiang pointed out that “China’s business environment is still at a moderate level in the world, among which Dealing with construction permits, Getting electricity, Trading across borders and other indicators rank relatively low. There is a long way to go in transforming the functions of the government. There must be no lax idea of “almost” or “resting your feet”.”<sup>[12]</sup> The core of international economic competition lies in the competition of business environment. As the leader of the global economy in the new era, the quality of China’s business environment is closely related to the fate of the global economy. Since 2016, the economic functions of local governments in China have

changed from attracting investment to optimizing the business environment. The international standards of the World Bank have also become the consensus of the central government and local governments. Therefore, it is urgent to study the Doing Business in depth. The Doing Business of the World Bank clearly points out that “the top-ranking business environment is not an economy with regulatory gaps, but an economy that has established an institutional system conducive to market development without setting obstacles to private sector development.” Therefore, the government should maintain a good balance between “protecting good governance rules” and “stimulating the vitality of the private sector”. Our government has a long-standing problem of excessive market intervention, and the optimization of business environment still needs government-led, and to do something. Therefore, the direction and balance of the transformation of government functions in the new era need to be further explored.

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